

# *Department of Financial Institutions*



**Charles W. Phillips  
Director**

**Annual Report  
Year Ended December 31, 2001**

**State of Indiana**

**Frank O'Bannon  
Governor**

**Joseph Kernan  
Lieutenant Governor**

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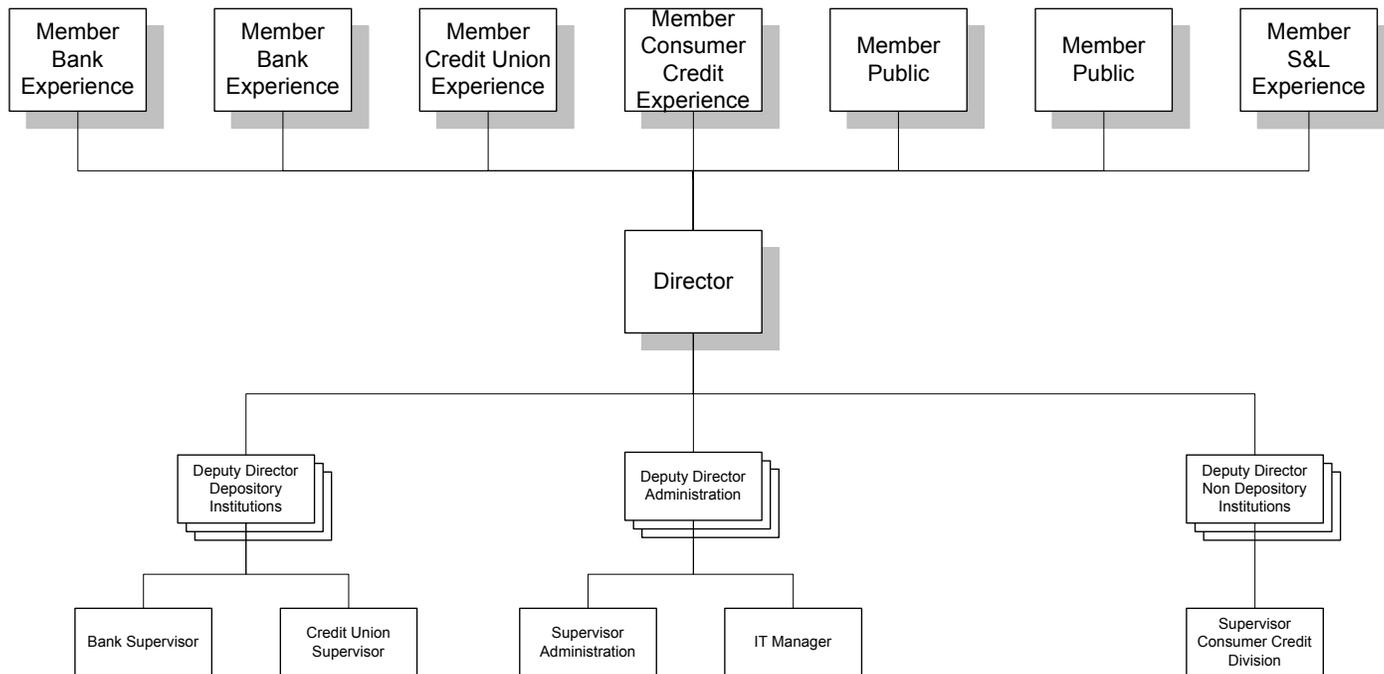


**Judy Jones**  
**Voice of the Department**



**Janice Davis**  
**Administration Division**

# Department of Financial Institutions



**DEPARTMENT OF FINANCIAL INSTITUTIONS**

**DIRECTORS (1933 - 2001)**

<b>DIRECTOR</b>	<b>FROM</b>		<b>TO</b>	
Richard McKinley	January	1933	November	1939
Ross H. Wallace	January	1940	June	1943
A.J. Stevenson	July	1943	December	1944
Joseph McCord	January	1945	September	1965
Donald H. Sauer	October	1965	June	1969
James Faris	July	1969	June	1980
William T. Ray	July	1980	June	1983
Ruth D. Harrison	July	1983	May	1989
Charles W. Phillips	June	1989		Present



# DEPARTMENT OF FINANCIAL INSTITUTIONS HISTORICAL NOTES

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- 1873 Indiana Discount and Deposit Act established a Division of Bank Examination and Supervision with the Office of the Auditor of State
- 1920 Southworth-Symons Act established a separate Department of Banks and Trust Companies
- 1933 Financial Institutions Act established the Department of Financial Institutions based on the findings and recommendations of the 1932 Study Commission for Indiana Financial Institutions

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## MISSION STATEMENT

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To regulate and supervise state chartered commercial banks, trust companies, savings banks, Savings and Loans associations, credit unions, pawnbrokers, money transmitters, industrial loan and investment companies, budget service companies, rental/purchase businesses, check cashers, and licensees under the Uniform Consumer Credit Code in a manner that -

- assures the residents of Indiana adequate and proper financial services
- protects the interest of depositors, borrowers, shareholders and consumers
- promotes safety and soundness in Indiana financial institutions

To promote state regulatory initiatives, equality with federal regulatory agencies, and the dual banking system through responsible supervisory actions, verbal and written communications and the quality deliverance of services under our jurisdiction.

To maintain a qualified, diversified professional staff through careful screening of new hires; prompt communication of changes in procedures and policies; fair and equitable treatment in promotions, salary increases, and job assignments; continuing education and training; annual performance evaluations and acknowledgment of the worth and value of our employees' contribution to the fulfillment of our responsibilities as defined by Indiana Statutes.

To maintain a positive, professional, and less intrusive relationship with our constituents (the financial institutions we regulate, other state and federal regulatory agencies, state and national financial associations and state and national legislative bodies) as partners for better banking, expanded services and faith and trust in Indiana institutions.

To maintain an atmosphere and operation conducive to flexibility and sensitive to a changing financial environment, technological advancements and broadening customer needs.

To ensure that the allocation of human as well as operational resources is accomplished in the most efficient, effective manner within the confines of a "smaller and smarter" environment.

# ***MEMBERS OF THE DEPARTMENT***

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**Gary M. Smith, Acting Chairman**  
Chicago  
Consumer Credit Member

**Briget Polichene**  
Indianapolis  
Member at Large

**David D. Baer**  
Bloomington  
Banking Member

**Loretta M. Burd**  
Columbus  
Credit Union Member

**Ronald E. DePasse**  
Terre Haute  
Savings Bank Member

**James L. Saner Sr.**  
Greensburg  
Banking Member

**Anthony J. Zaleski, Jr.**  
Munster  
Member at Large

# MEMBERS PROFILES

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**Name:** Gary Smith

**Business Address:** Sears Roebuck and Company  
509 West Roscoe Street, Unit 1W  
Chicago, IL 60657

**Business Title:** Assistant General Counsel—Consumer Credit

**Professional/Civic Affiliations:** National Alumni Schools Committee  
The John Hopkins University

**Education:** The Johns Hopkins University  
The George Washington University Law School

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**Name:** Briget Polichene

**Business Address:** Citigroup State and Local Government Relations  
527 West 46th Street  
Indianapolis, IN 46208

**Business Title:** Vice President and General Counsel  
Citigroup State and Local Government Relations

**Volunteer Service/Boards:** Member of the District of Columbia and Indiana Bar

**Education:** The Johns Hopkins University  
J.D., Duke University School of Law

# MEMBERS PROFILE

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**Name:** Dave Baer

**Business Address:** Monroe County Bank  
210 East Kirkwood  
Bloomington, IN 47408

**Business Title:** Chairman of the Board, Monroe Bancorp

**Professional/Civic Affiliations:** Aviation Board for the Monroe County Airport  
Navy flight training program/Atomic Weapons Delivery  
Past Chairman of the Indiana Bankers Association

**Education:** University of Iowa

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**Name:** Loretta Burd

**Business Address:** Centra Credit Union  
1430 National Road  
Columbus, IN 47201

**Business Title:** President/CEO Centra Credit Union

**Professional/Civic Affiliations:** Chairman of Indiana Corporate Credit Union Board of Directors  
Vice Chairman of Credit Union Centers of Indianapolis Board of Directors  
Chairman of the Columbus Chamber of Commerce Board of Directors

**Education:** University of Wisconsin  
College of Financial Planning  
University of Indianapolis

# MEMBERS PROFILE

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**Name:** Ronald E. DePasse

**Business Address:** Terre Haute Savings Bank  
6th & Ohio  
Terre Haute, IN 47808

**Business Title:** Former Chairman of the Board, President, Treasurer and Trust Officer  
Terre Haute Savings Bank

**Professional/Civic Affiliations:** Board Member of the Alliance for Growth and Progress Terre Haute  
United States Air Force, 1956—1960; Wiesbaden Germany, 1957—  
1960

**Education:** Graduate School of Banking  
Madison Wisconsin

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**Name:** James L. Saner Sr.

**Business Address:** Indiana United Bancorp  
201 North Broadway  
Greensburg, IN 47240

**Business Title:** President & CEO of Indiana United Bancorp

**Professional/Civic Affiliations:** Past Chairman—Community Bankers Association of Indiana  
Sagamore of the Wabash

**Education:** Thomas More College  
University of West Virginia

# MEMBERS PROFILE

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**Name:** Tony Zaleski

**Business Address:** Tony Zaleski and Associates  
3026 45<sup>th</sup> Street  
Highland, IN 46322

**Business Title:** Real Estate Broker and Appraiser

**Professional/Civic Affiliations:** Northwest Indiana Board of Realtors, Board of Directors  
Member of the Indiana General Assembly 1968 —1982

**Education:** Indiana University

# **DEPARTMENT PERSONNEL**

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Charles W. Phillips, Director

## **DIVISION OF BANKS AND TRUST COMPANIES DIVISION OF SAVINGS BANKS, SAVINGS AND LOAN ASSOCIATIONS**

James M. Cooper, Deputy Director  
Randall L. Rowe, Bank Supervisor  
Tracy L. Baker, Administrative Assistant  
Ronda K. Bailey, Executive Secretary

### **SPECIAL ACTIONS**

Kirk J. Schreiber, Senior Bank Analyst  
Gina R. Williams, Senior Bank Analyst  
Troy D. Pogue, EDP Specialist

### **REGULATION & SUPERVISION**

Douglas H. Tussey, Institutional Risk Analyst  
Richard C. Nelson, Senior Review Examiner

### **BANK DIVISION EXAMINATION STAFF**

#### **DISTRICT 1**

Mark T. Gray, Regional Field Supervisor  
J. Deron Thompson, Assistant Regional Field Supervisor

David H. Hoferkamp – I  
Francis J. Tata – I  
Jacob P. Swanson – I  
Marc A. Ward – I  
Chad L. Kozuch – II

Vernita L. Early – III  
Thomas Fite – III  
Dee Gloy – III  
Rod A. Klingler – III  
Chris Dietz – IV

#### **DISTRICT 2**

Paul G. Brockman, Regional Field Supervisor  
Mark A. Moreland, Assistant Regional Field Supervisor

Lee T. Reid – I  
Eric S. Neal – I  
Stacey L. Bostock – I  
Steven R. Wachter – I  
Robin R. Upchurch – I

Andrea Hemmig – III  
Janelle Tierney – III  
Lee Barnes – IV  
Amanda Whipple – IV

Roman numerals denote field examiner grade level

**DIVISION OF CREDIT UNIONS**

James M. Cooper, Deputy Director  
Mark K. Powell, Supervisor  
David D. Pogue, Field Supervisor

Mark A. Walters – II  
John Sigman – III

Jon Bell – III  
D. Scott Shelton – III

**DIVISION OF NON-DEPOSITORY INSTITUTIONS**

J. Philip Goddard, Deputy Director  
Mark B. Tarpey, Supervisor-Consumer Credit Division  
Donna R. Kaye, Administrative Assistant to the Supervisor

**CONSUMER CREDIT EXAMINATION STAFF**

**DISTRICT 1**

Rick A. Bane, Field Supervisor  
James D. Harrell – WLII  
Charles L. Murray – II  
John D. Heckard – II  
Ned W. Brown – II  
George M. Hicks – II

**DISTRICT 2**

Robert W. Benbow, Field Supervisor  
LeRoy H. Janz, Jr. – II  
Kent D. Sager – II  
Scott Imbus – II

Roman Numerals denote field examiner grade level.

## **LEGAL DIVISION**

J. Philip Goddard, Chief Counsel  
Christopher McKay, Law Clerk

## **DIVISION OF ADMINISTRATION**

Charles T. Stumpf, Jr., C.P.A. – Deputy Director  
John J. Schroeder – Supervisor of Administration  
Daniel T. Burkman – IT Manager  
P. David Larson – Senior Systems Analyst  
Lisa Ho – Software Specialist  
Virginia M. Stowers – UCCC Filing Supervisor  
Beth A. Risacher – Program Coordinator  
Janice L. Davis – Personnel Assistant  
Jan L. Rilenge – Accountant

## **OFFICE SUPPORT STAFF**

Judy C. Jones, Administration Division  
Renita D. Stubbs, Administration Division  
Phyllis A. Brouse, Bank Division  
Barbara J. Cole, Bank Division  
Mary L. Harris, Consumer Credit and  
Credit Union Divisions

# DEPARTMENT OVERVIEW

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The Department of Financial Institutions was created by the Indiana Financial Institutions Act of 1933. This act commissioned the Department with the responsibility for supervising commercial banks, trust companies, private banks, savings banks, Savings and Loan associations, credit unions, and finance companies incorporated under the laws of the State of Indiana. Since that time the scope of the regulatory responsibilities with which the Department has been charged has been broadened to include the supervision of pawnbrokers, licensees under the Uniform Consumer Credit Code, industrial loan and investment companies, money transmitters, check cashers, budget service companies, and rental-purchase agreement companies.

The policy-making power of the Department is vested in a bipartisan board of seven Members who are appointed by the Governor. Indiana law requires that two of the Members shall be persons of practical experience at the executive level of a state chartered bank; one Member shall be a person of practical experience at the executive level of a state chartered Savings and Loan association; one Member shall be a person of practical experience at the executive level of a lender licensed under I.C. 24-4.5; and one member shall be a person of practical experience at the executive level of a state chartered credit union. In the appointment of the other two Members of the Department, the Governor shall have due regard to a fair representation of the consumer, agricultural, industrial, and commercial interests of the state.

The chief executive and administrative officer of the Department is the Director. The Director is responsible for the administration of the policies established by the Members and all applicable legislative actions or policies. The Director exercises managerial control over the work of the Department, including its staff of deputies, supervisors, examiners and administrative personnel.

The Department works directly with the institutions it regulates, and through examination and supervisory activities endeavors to assure the public of adequate and proper services from such institutions. It seeks to assure the protection of the interests of depositors, borrowers, shareholders, and consumers.

Within the Department there are six divisions, each under the direct control of a deputy or supervisor. These are the Division of Banks and Trust Companies, Division of Savings and Loan Associations, Division of Consumer Credit, Division of Credit Unions, Division of Administration, and the Legal Division.

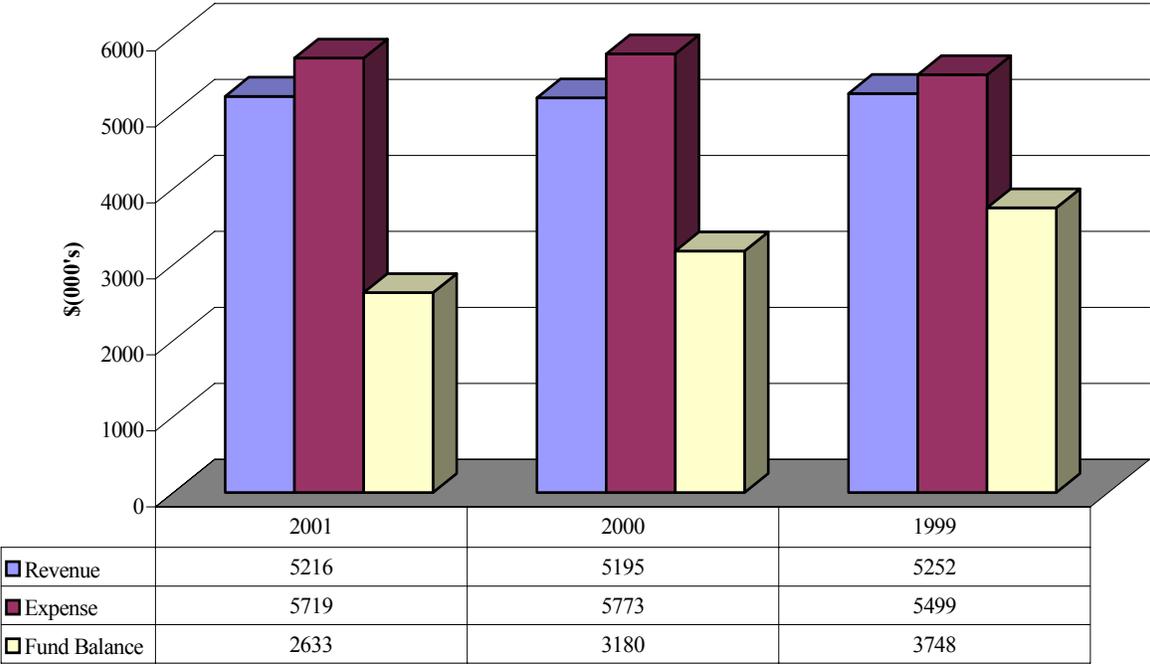
The Department's revenue is derived solely from supervision, examination, and license fees that are assessed to those financial institutions that are regulated by the Department.

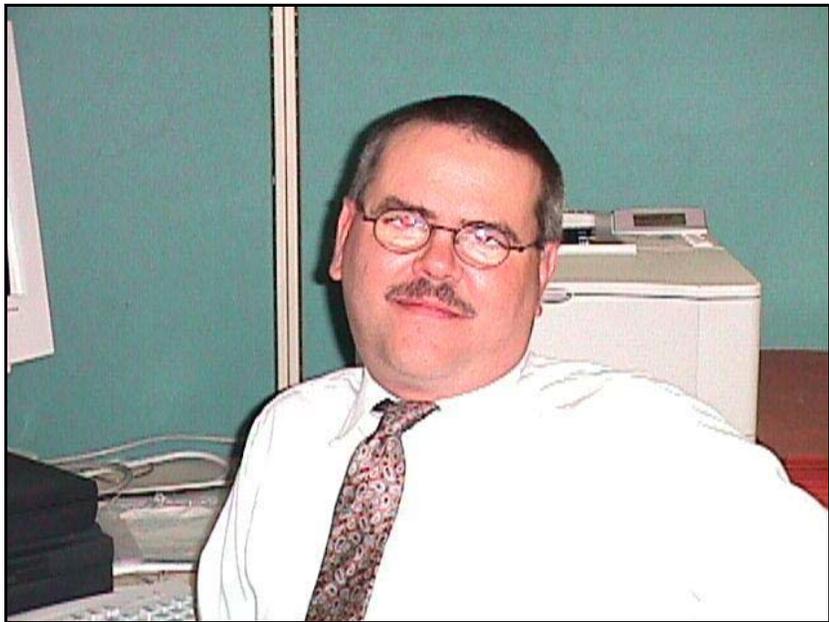


# **REVENUE AND EXPENDITURES**

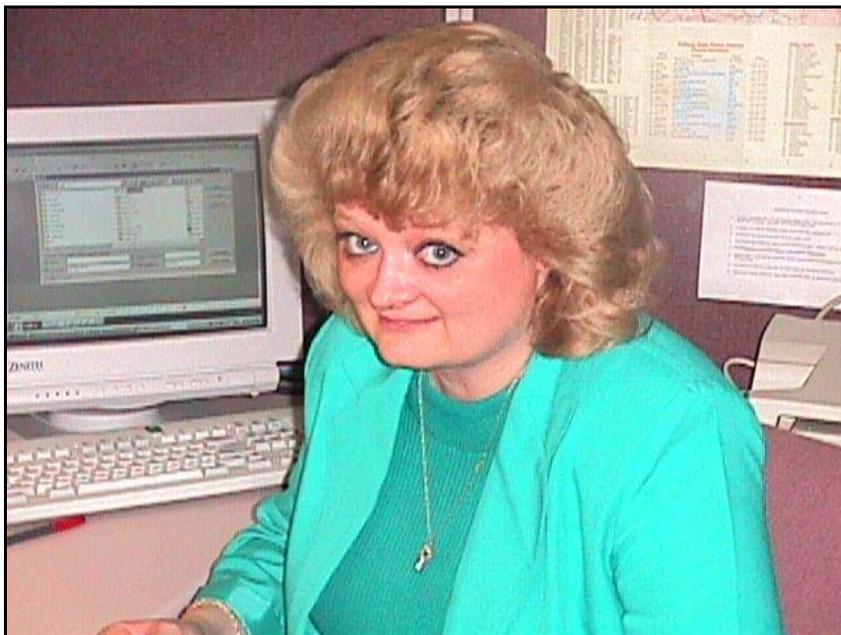
<b><u>REVENUE</u></b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
BANK FEES	\$2,059,586	\$2,146,500	\$2,286,117
SAVINGS & LOAN EXAMINATION FEES	51,783	48,003	66,140
CREDIT UNION EXAMINATION FEES	540,286	534,883	517,544
PAWNBROKING LICENSING FEES	70,440	85,115	64,100
APPLICATION FEES	59,661	78,284	99,650
BUDGET SERVICE COMPANY FEES	1,100	300	1,500
UCCC FEES	2,370,856	2,245,081	2,162,517
RENTAL/PURCHASE LICENSE	33,006	32,600	31,000
MONEY TRANSMITTER FEES	12,015	12,190	13,922
CHECK CASHERS FEES	17,500	12,200	9,800
<b>TOTAL REVENUE</b>	<b>\$5,216,233</b>	<b>\$5,195,156</b>	<b>\$5,252,290</b>
<b><u>EXPENDITURES</u></b>			
PERSONNEL COSTS	\$4,797,470	\$4,800,304	\$4,150,591
UTILITIES, POSTAGE, AND SUBSCRIPTIONS	141,436	158,935	163,768
CONTRACT SERVICES	124,828	111,687	152,135
OFFICE SUPPLIES	33,257	34,502	33,335
EQUIPMENT/EDP DEVELOPMENT/SOFTWARE	29,878	39,292	273,724
TRAVEL IN-STATE	425,092	484,384	515,369
TRAVEL OUT-OF-STATE	13,016	11,375	19,356
PERSONNEL DEVELOPMENT & RELATED TRAVEL	154,386	132,937	190,689
<b>TOTAL EXPENDITURES</b>	<b>\$5,719,363</b>	<b>\$5,773,416</b>	<b>\$5,498,967</b>
NET REVENUE (EXPENDITURES)	(503,130)	(578,260)	(246,677)
CASH BALANCE, JULY 1	3,185,185	3,763,445	4,010,122
CASH BALANCE, JUNE 30	2,682,055	3,185,185	3,763,445
LESS ENCUMBRANCES	49,144	5,333	15,255
FUND BALANCE, JUNE 30	<b>\$2,632,911</b>	<b>\$3,179,852</b>	<b>\$3,748,190</b>

*Revenue & Expenditures*





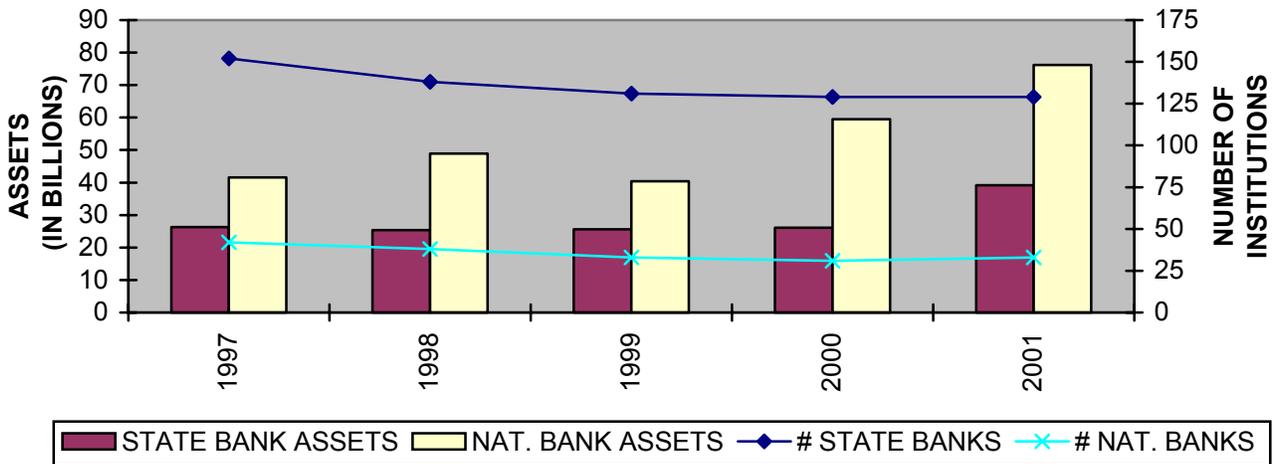
Kirk Schreiber  
Bank Division



Dee Gloy  
Bank Division

# DEPOSITORY DIVISION

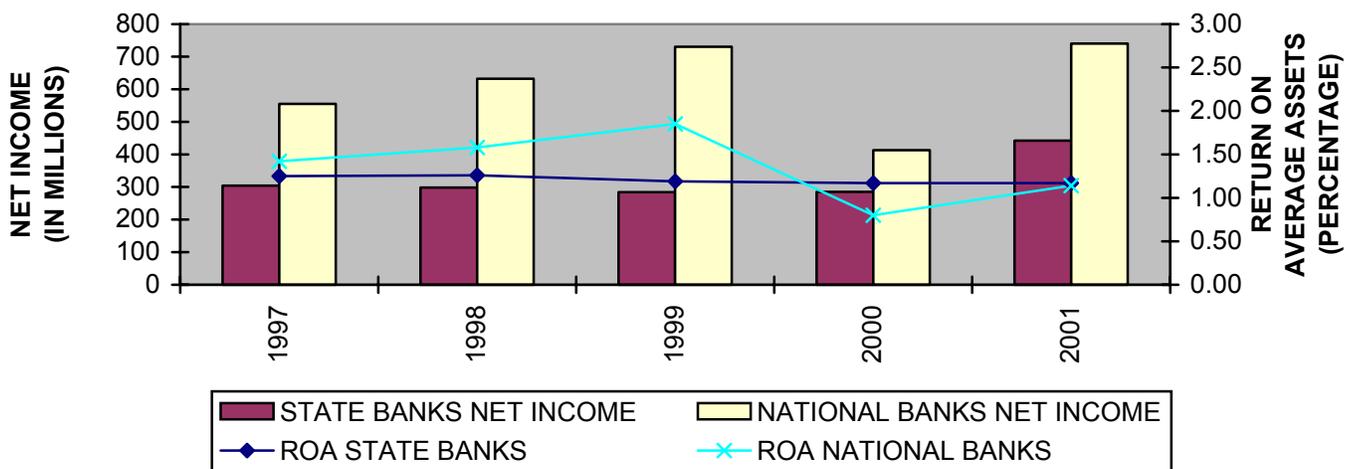
## STATE AND NATIONAL BANKS NUMBER OF INSTITUTIONS AND TOTAL ASSETS



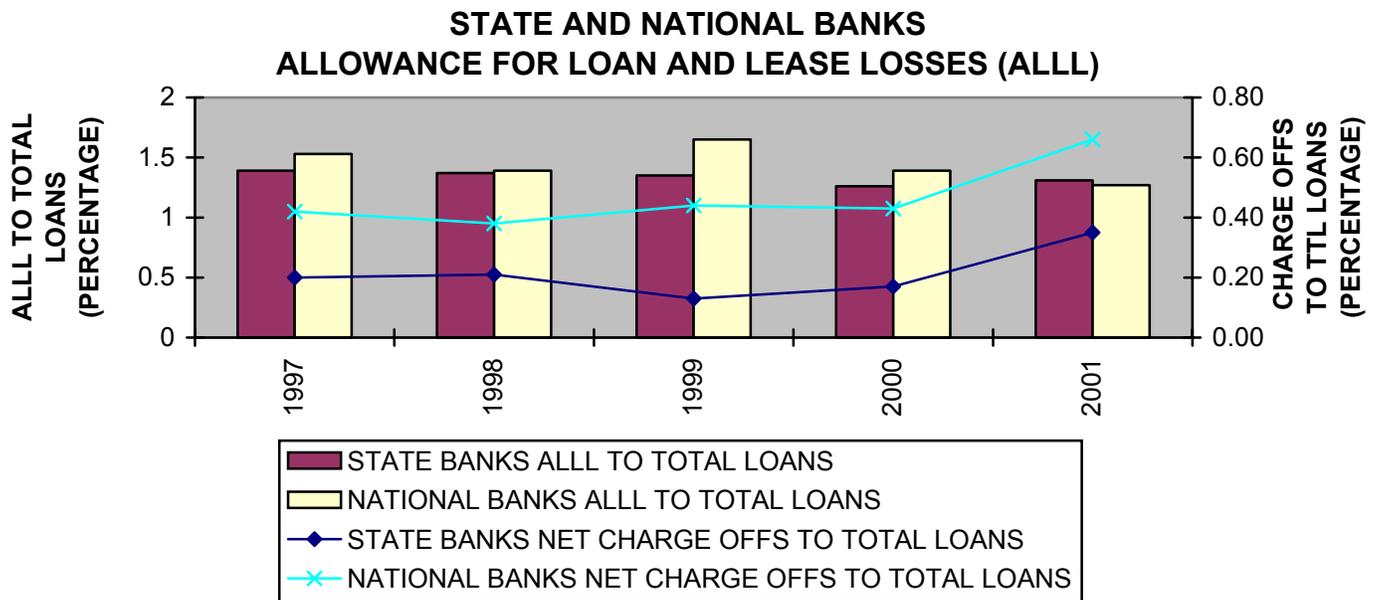
The number of state-chartered commercial banks, stock and mutual savings banks, and active industrial authorities remained constant at 129 throughout the calendar year of 2001. The number of national banks in Indiana increased from 31 to 33 during the same period. This is the first time in more than a decade that the total number of state and national banks has not declined. Total state chartered supervised assets had remained at approximately the same level for four years, but significantly increased during the 2001 calendar year from \$26.1 billion to \$39.2 billion. This increase was due to the stability and growth of the existing state chartered financial institutions and the return of one former state chartered commercial bank. <sup>1</sup> National bank assets significantly increased from \$59.5 billion to \$76.2 billion in the calendar year 2001. This increase is due mainly to a restructuring of one institution. <sup>2</sup> As of December 31, 2001, state-chartered commercial banks represented 34% of total Indiana bank assets (state and national). In contrast, state-chartered commercial banks represented 80% of the total number of such banks in the state of Indiana.

During 2001, one new state-chartered commercial bank officially opened for business. In addition, four financial institutions converted from federal charters to state chartered commercial banks or savings banks. Five state bank charters were eliminated through mergers with other state or national banks.

## STATE AND NATIONAL BANKS INCOME TRENDS

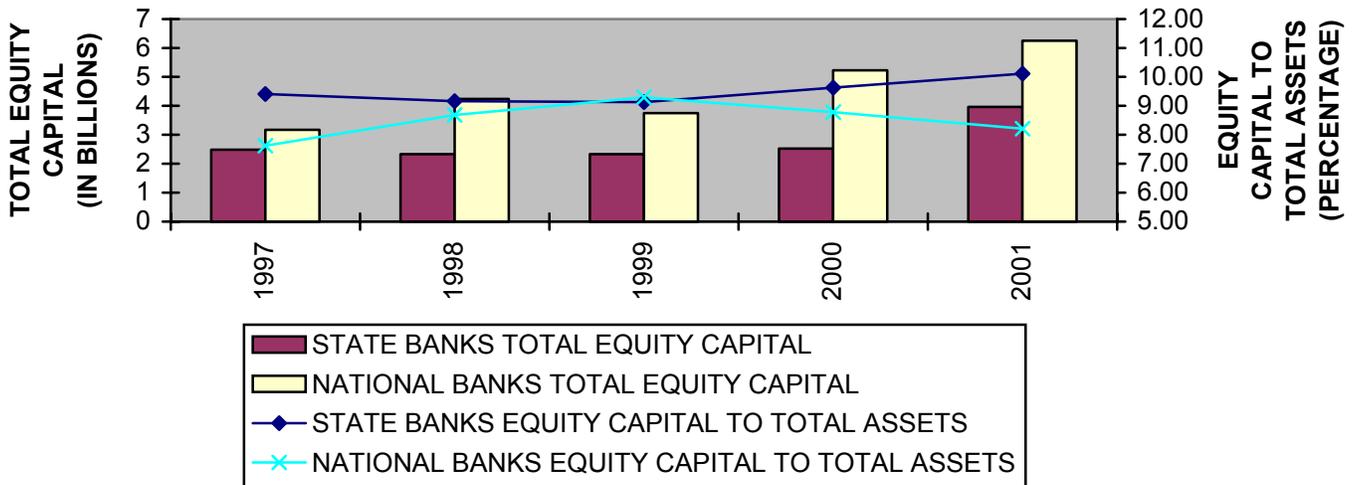


Both state and national banks have had very stable performance over the last five years. The sustained profitability measure is attributed to strong loan growth and maintenance of sound credit quality. The net income for state-chartered financial institutions over the past five years is \$304 million in 1997, \$298 million in 1998, \$284 million in 1999, \$285 million in 2000, and \$442 million in 2001. Net income as a percentage of assets (in the aggregate) for the calendar year 2001 remained the same at 1.17% from calendar year 2000. In 1997, state chartered commercial banks had an aggregate return on assets of 1.25% compared to a five-year high of 1.26% at year-end 1998. The net income for national banks in Indiana over the past five years starting with 1997 is \$555 million, \$632 million, \$730 million, \$413 million and \$740 million respectively. The aggregate ROA for national banks over the same period has ranged from 1.42% in 1997 to a high of 1.85 in 1999 and a low of 0.80% in 2000. The significant decrease in net income for national banks during the calendar year 2000 was attributed to large charge offs due to business restructuring by one of the larger national institutions.



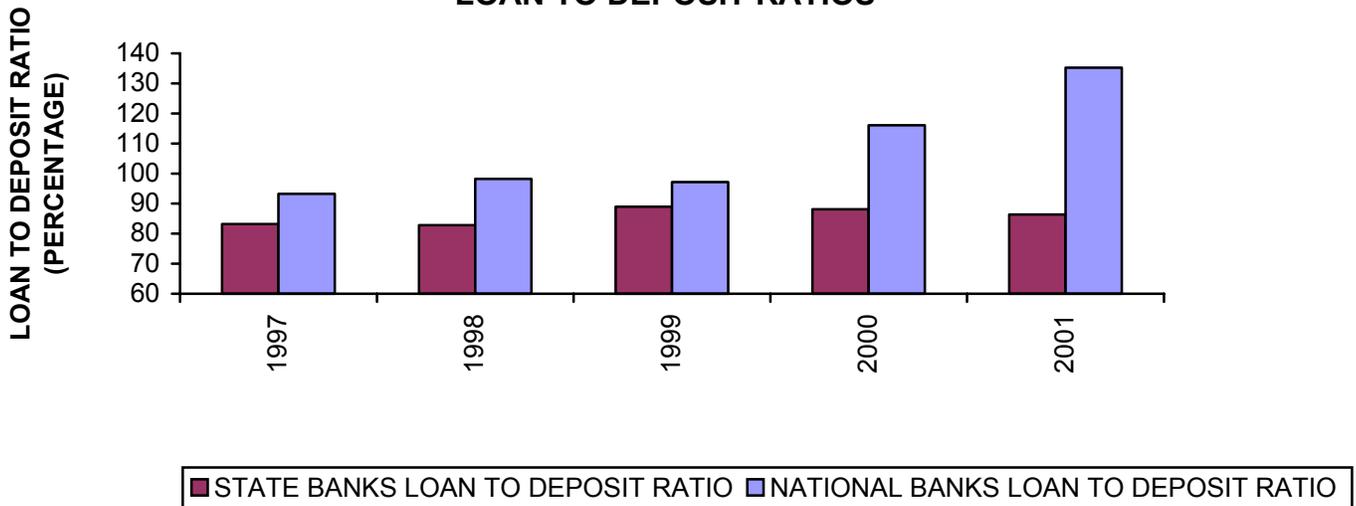
The aggregate allowance for loan and lease losses for Indiana state chartered banks decreased from 1.39% of total loans in 1997 to 1.31% of total loans in 2001 due to the continued loan growth outpacing provision expense and an increase in net charge-offs. The aggregate allowance for loan and lease losses for national banks in Indiana ranged from 1.53% in 1997, to a high of 1.65% in 1999, and a low of 1.27% in 2001. Net charge offs to total loans for both the state and national banks have remained very consistent over the last five years. Net charge offs for state banks for the 2001 calendar year increased significantly to 0.35% from 0.17% for the year 2000. Net charge offs for national banks also increased from 0.43% in 2000 to 0.66% for calendar year 2001.

### STATE AND NATIONAL BANKS EQUITY CAPITAL

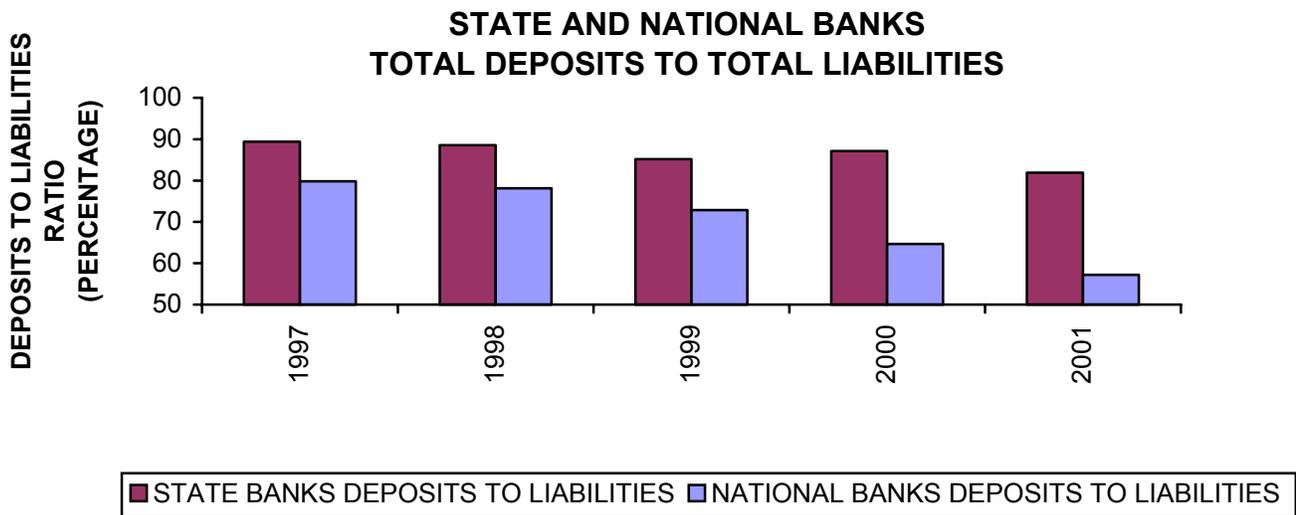


Total equity capital for Indiana state chartered banks has increased from \$2.48 billion as of December 31, 1997, to \$3.96 billion as of December 31, 2001 or a 59.68% increase. Total equity capital for national banks in Indiana has increased from \$3.17 billion in 1997 to \$6.25 billion as of year-end 2001 or a 97.16% increase. The ratio of total equity capital to total assets has increased from 9.41% to 10.11% for state chartered institutions and from 7.62% to 8.21% for national banks during the same time period.

### STATE AND NATIONAL BANKS LOAN TO DEPOSIT RATIOS



The ratio of loans to deposits has continued to increase over the last five years for both Indiana state chartered banks and national banks. Total loans for state banks have gradually increased from \$17.7 billion in 1997 to \$18.1 billion in 2000. Due to the significant asset growth for the calendar year 2001, total loans grew to \$24.9 billion. In contrast, total deposits gradually declined from \$21.3 billion to a low of \$19.8 billion as of December 31, 1999. Deposits grew to \$28.8 billion for the 2001 calendar year. Total loans for national banks in Indiana have increased from \$28.6 billion in 1997 to \$54.0 billion as of December 31, 2001. Total deposits for national banks increased from \$30.6 billion as of December 31, 1997 to \$40.0 billion as of December 31, 2001.



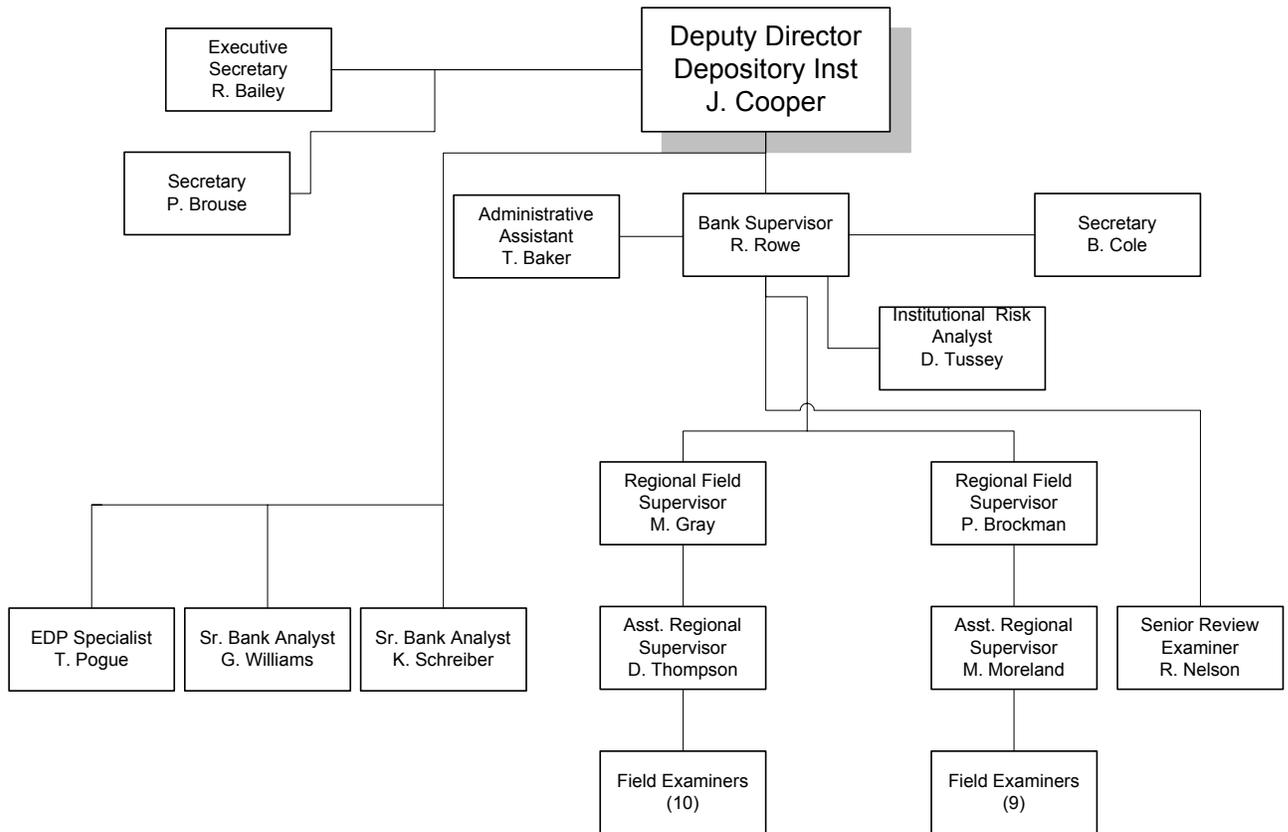
The ratio of total deposits to total liabilities for both the state and national banks in Indiana have decreased over the past five years as banks continue to increase their reliance on wholesale funding. The ratio for state banks deposits to liabilities decreased from 89.41% in 1997 to 81.89% in 2001. In contrast, the ratio for national banks in Indiana decreased each year from 79.82% as of December 31, 1997, to 57.21% as of December 31, 2001.

**Footnotes:**

- (1) Fifth Third Bank, Indiana, Indianapolis, Marion County, Indiana became an Indiana state chartered commercial bank through the conversion of Old Kent Bank, N.A., Jonesville, Michigan, effective May 29, 2001.
- (2) National City Bank of Indiana, Indianapolis, Marion County, Indiana was restructured to include a mortgage company subsidiary acquired by the bank's holding company National City Corporation, Cleveland, Ohio in 1999. The mortgage company acquired was First Franklin Financial Corporation, San Jose, California.

The financial statements for the depository division have been updated in this annual report to properly reflect the inadvertent omission of Midwest Ag Finance, Incorporated, Indianapolis, Marion County, Indiana for the calendar year 2000. Midwest Ag Finance, Incorporated as a state chartered industrial authority.

# BANK DIVISION



## **COMPARATIVE STATEMENT STATE CHARTERED BANKS**

ACCOUNT DESCRIPTIONS (In Millions of \$)	12/31/1998	12/31/1999	% CHANGE	12/31/2000	% CHANGE	12/31/2001	% CHANGE
Assets	25,407	25,575	0.66%	26,120	2.13%	39,175	49.98%
Deposits	20,437	19,802	-3.11%	20,575	3.90%	28,831	40.13%
Total Equity Capital Adjusted	2,296	2,386	3.92%	2,511	5.24%	3,927	56.39%
Tier 1 Capital	2,244	2,300	2.50%	2,406	4.61%	3,757	56.15%
LVR	232	237	2.16%	228	-3.80%	327	43.42%
Total Capital	2,476	2,537	2.46%	2,634	3.82%	4,047	53.64%
Total Charge-offs	52	39	-25.00%	42	7.69%	110	161.90%
Total Recoveries	17	16	-5.88%	12	-25.00%	22	83.33%
Total Loans	16,931	17,613	4.03%	18,129	2.93%	24,910	37.40%
Total Investments	5,572	6,036	8.33%	5,877	-2.63%	8,509	44.78%
Fed Funds Sold	737	409	-44.50%	544	33.01%	2,165	297.98%
Interest Bearing Balances	168	130	-22.62%	146	12.31%	264	80.82%
Trading Account Securities	20	58	190.00%	146	151.72%	105	-28.08%
Total Earning Assets	23,428	23,412	-0.07%	23,778	1.56%	35,626	49.83%
Total Interest Income	1,780	1,759	-1.18%	1,901	8.07%	2,681	41.03%
Total Interest Expense	850	799	-6.00%	949	18.77%	1,344	41.62%
Net Interest Income	929	960	3.34%	952	-0.83%	1,336	40.34%
Total Non-interest Income	233	237	1.72%	375	58.23%	638	70.13%
Loan Provisions	55	46	-16.36%	55	19.57%	127	130.91%
Total Non-interest Expense	661	689	4.24%	816	18.43%	1,200	47.06%
Net Income	298	284	-4.70%	285	0.35%	442	55.09%

<b>ACCOUNT DESCRIPTIONS</b>	State	National	State	National
<i>(IN MILLIONS OF \$)</i>	12/31/01	12/31/01	12/31/00	12/31/00
<b>Number of Banks</b>	129	33	129	31

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**Consolidated Balance Sheet**

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Trading Accounts	105	331	146	446
Interest Bearing Balances	264	437	146	272
Fed Funds Sold/Repurchase Agreements	2,165	1,667	544	1,027
Total Securities	8,509	11,702	5,877	11,695
Total Loans	24,910	54,038	18,131	40,408
Total Earning Assets	35,953	68,175	23,778	51,719
Total Assets	39,175	76,154	26,122	59,511
Average Assets	37,661	64,927	24,324	51,893
Total Deposits	28,831	39,954	20,575	34,807
Total Liabilities	35,212	69,835	23,605	53,826
Total Equity Capital	3,962	6,254	2,517	5,227
Loan Valuation Reserves	327	686	228	560
Total Equity Capital & Reserves	4,289	6,940	2,745	5,787
Total Other Real Estate	29	90	14	33
Total Charge-Offs	110	418	42	225
Total Recoveries	22	61	12	52
Net Charge-Offs	88	357	30	173

<b>ACCOUNT DESCRIPTIONS</b>	State	National	State	National
<b>(IN MILLIONS OF \$)</b>	12/31/01	12/31/01	12/31/00	12/31/00
<b>Number of Banks</b>	129	33	129	31

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### **Consolidated Income Statement**

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Total Interest Income	2,681	4,537	1,901	3,958
Total Interest Expense	1,344	2,079	949	2,063
Net Interest Income	1,337	2,458	952	1,895
Total Non Interest Income	638	1,722	375	1,217
Loan Provisions	127	406	55	186
Total Non Interest Expense	1,200	2,681	816	2,220
Net Income	442	740	285	413

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### **Ratio Analysis**

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Net Income to Average Assets	1.17%	1.14%	1.17%	0.80%
Net Income to Year End Total Equity	11.16%	11.83%	11.33%	7.90%
Net Interest Income to Average Assets	3.55%	3.79%	3.91%	3.65%
Total Loans to Total Deposits	86.40%	135.25%	88.11%	116.09%
Loan Loss Provisions to Total Loans	0.51%	0.75%	0.30%	0.46%
Loan Loss Reserves to Total Loans	1.31%	1.27%	1.26%	1.39%
Net Charge-Offs to Total Loans	0.35%	0.66%	0.17%	0.43%
Total Equity Capital to Total Assets	10.11%	8.21%	9.63%	8.78%
Total Equity Capital and Reserves to Total Assets and Reserves	10.86%	9.03%	10.41%	9.63%

<b>ACCOUNT DESCRIPTIONS</b>	State	National	ALL	ALL	%
<b>(IN MILLIONS OF \$)</b>	12/31/01	12/31/01	12/31/01	12/31/00	CHANGE
<b>Number of Banks</b>	129	33	162	160	

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**Combined Statement of Condition**

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Trading Accounts	105	331	436	592	-26.35%
Interest Bearing Balances	264	437	701	418	67.70%
Fed Funds Sold/Repurchase Agreements	2,165	1,667	3,832	1,571	143.92%
Total Investments	8,509	11,702	20,211	17,572	15.02%
Total Loans	24,910	54,038	78,948	58,539	34.86%
Total Earning Assets	35,953	68,175	104,128	75,497	37.92%
Total Assets	39,175	76,154	115,329	85,633	34.68%
Average Assets	37,661	64,927	102,588	76,217	34.60%
Total Deposits	28,831	39,954	68,785	55,382	24.20%
Total Liabilities	35,212	69,835	105,047	77,431	35.67%
Total Equity Capital	3,962	6,254	10,216	7,744	31.92%
Loan Valuation Reserves	327	686	1,013	788	28.55%
Total Equity Capital & Reserves	4,289	6,940	11,229	8,530	31.64%
Total Other Real Estate	29	90	119	47	153.19%
Total Charge-Offs	110	418	528	267	97.75%
Total Recoveries	22	61	83	64	29.69%
Net Charge-Offs	88	357	445	203	119.21%

**RETURN ON ASSETS (ROA) OF THE STATE BANKS IN INDIANA 2001 VS 2000**  
(IN MILLIONS OF \$)

	2001			2000		
	NO.	TOTAL ASSETS	NET INCOME	NO.	TOTAL ASSETS	NET INCOME
ROA (%)						
OVER 1%	64	31,578	395	68	18,148	238
.75% TO .99%	26	3,703	30	26	3,929	34
.50% TO .74%	19	2,589	15	15	2,589	16
BELOW .50%	20	1,305	2	20	1,456	(3)
	129	39,175	442	129	26,122	285

**RETURN ON ASSETS (ROA) OF THE NATIONAL BANKS IN INDIANA 2001 VS 2000**

	2001			2000		
	NO.	TOTAL ASSETS	NET INCOME	NO.	TOTAL ASSETS	NET INCOME
ROA (%)						
OVER 1%	18	66,704	689	15	8,695	110
.75% TO .99%	6	2,276	19	11	13,676	103
.50% TO .74%	6	3,985	23	4	37,126	200
BELOW .50%	3	3,189	9	1	14	0
	33	76,154	740	31	59,511	413

# **HOLDING COMPANY OWNERSHIP ANALYSIS**

DATA AS OF 12/31/01

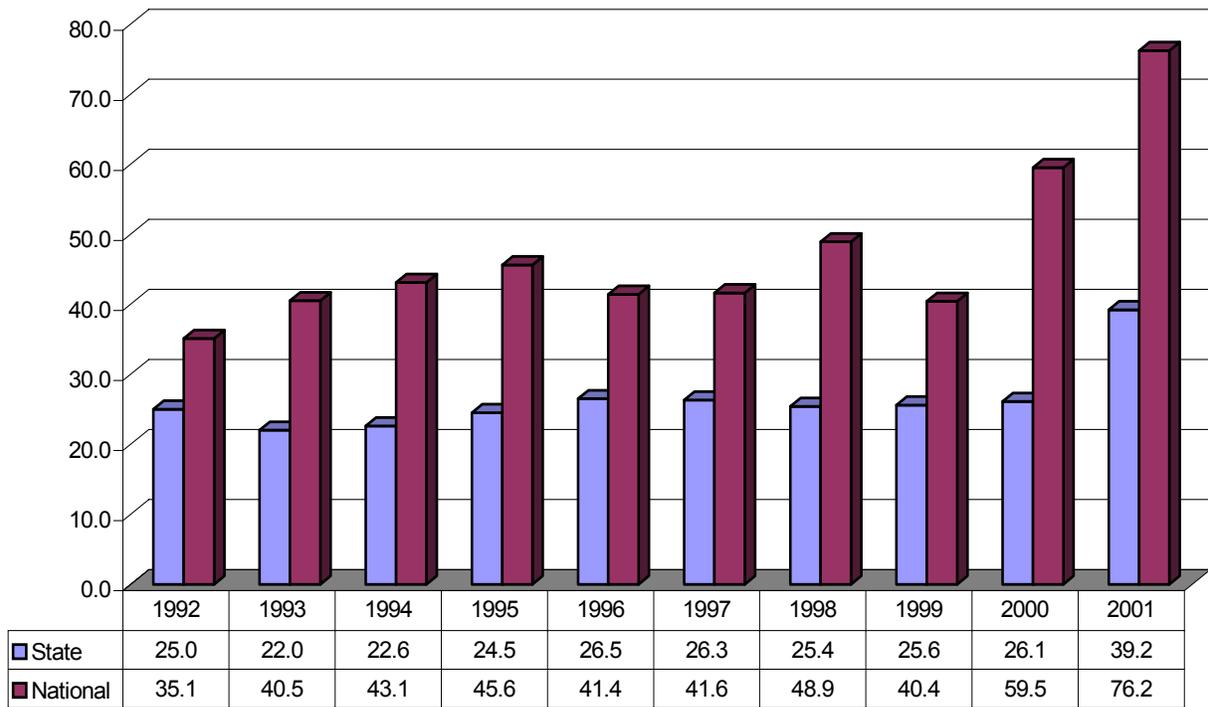
	BANKS	HC'S	TOTAL ASSETS (In Millions)	ASSETS %	TOTAL DEPOSITS (In Millions)	DEPOSITS %
<b>INDEPENDENT BANKS</b>						
State Banks w/o HC	19	0	\$2,331	2.02%	\$1,758	2.56%
IN HC W/One State Bank	75	75	\$19,335	16.77%	\$15,605	22.69%
National Banks w/o HC	2	0	\$233	0.20%	\$199	0.29%
IN HC w/One National Bank	19	19	\$20,113	17.44%	\$14,583	21.20%
<b>TOTALS</b>	<b>115</b>	<b>94</b>	<b>\$42,012</b>	<b>36.43%</b>	<b>\$32,145</b>	<b>46.73%</b>
<b>INDIANA MULTI-BK HOLDING CO.</b>						
IN HC w/One or More State Banks	24	9	\$7,066	6.13%	\$5,321	7.74%
IN HC w/One or More National Banks	6	4	\$2,743	2.38%	\$1,885	2.74%
Sub Total	30	13				
Holding Company Duplications	0	-3				
<b>TOTALS</b>	<b>30</b>	<b>10</b>	<b>\$9,809</b>	<b>8.51%</b>	<b>\$7,206</b>	<b>10.48%</b>
<b>OUT OF STATE MULTI-BK HOLDING CO.</b>						
O-ST HC w/One or More State Banks	11	7	\$10,443	9.05%	\$6,148	8.94%
O-St HC w/One or More National Banks	6	5	\$53,065	46.01%	\$23,286	33.85%
Sub Total	17	12				
Holding Company Duplications	0	-2				
<b>TOTALS</b>	<b>17</b>	<b>10</b>	<b>\$63,508</b>	<b>55.07%</b>	<b>\$29,434</b>	<b>42.79%</b>
<b>GRAND TOTALS</b>	<b>162</b>	<b>114</b>	<b>\$115,329</b>	<b>100.00%</b>	<b>\$68,785</b>	<b>100.00%</b>

## HOLDING COMPANY OWNERSHIP ANALYSIS

DATA AS OF 12/31/00

	BANKS	HC'S	TOTAL ASSETS (In Millions)	ASSETS %	TOTAL DEPOSITS (In Millions)	DEPOSITS %
<b>INDEPENDENT BANKS</b>						
State Banks w/o HC	20	0	\$1,416	1.65%	\$1,118	2.02%
IN HC W/One State Bank	78	78	\$19,697	23.00%	\$15,509	28.00%
National Banks w/o HC	1	0	\$146	0.17%	\$128	0.23%
IN HC w/One National Bank	19	19	\$8,952	10.45%	\$6,367	11.50%
<b>TOTALS</b>	<b>118</b>	<b>97</b>	<b>\$30,211</b>	<b>35.28%</b>	<b>\$23,122</b>	<b>41.75%</b>
<b>INDIANA MULTI-BK HOLDING CO.</b>						
IN HC w/One or More State Banks	20	7	\$3,422	4.00%	\$2,689	4.86%
IN HC w/One or More National Banks	5	3	\$11,045	12.90%	\$8,197	14.80%
Sub Total	25	10				
Holding Company Duplications	0	-2				
<b>TOTALS</b>	<b>25</b>	<b>8</b>	<b>\$14,467</b>	<b>16.89%</b>	<b>\$10,886</b>	<b>19.66%</b>
<b>OUT OF STATE MULTI-BK HOLDING CO.</b>						
O-ST HC w/One or More State Banks	11	4	\$1,588	1.85%	\$1,259	2.27%
O-St HC w/One or More National Banks	6	5	\$39,367	45.97%	\$20,115	36.32%
Sub Total	17	9				
Holding Company Duplications	0	-2				
<b>TOTALS</b>	<b>17</b>	<b>7</b>	<b>\$40,955</b>	<b>47.83%</b>	<b>\$21,374</b>	<b>38.59%</b>
<b>GRAND TOTALS</b>	<b>160</b>	<b>112</b>	<b>\$85,633</b>	<b>100.00%</b>	<b>\$55,382</b>	<b>100.00%</b>

**Total Assets - State & National Banks**  
(IN BILLIONS OF \$)



Year	State Banks Total Assets (Billions)	%	National Banks Total Assets (Billions)	%
1992	25.0	41.6%	35.1	58.4%
1993	22.0	35.2%	40.5	64.8%
1994	22.6	34.4%	43.1	65.6%
1995	24.5	35.0%	45.6	65.0%
1996	26.5	39.0%	41.4	61.0%
1997	26.3	38.7%	41.6	61.3%
1998	25.4	34.2%	48.9	65.8%
1999	25.6	38.8%	40.4	61.2%
2000	26.1	30.5%	59.5	69.5%
2001	39.2	34.0%	76.2	66.0%

**SUMMARY OF STATE BANK BRANCH OPENINGS IN 2001**

<b>NAME</b>	<b>CITY</b>	<b>ADDRESS</b>	<b>CITY</b>	<b>OPENED</b>
TOWER BANK & TRUST COMPANY	FORT WAYNE	10373 ILLINOIS ROAD THE SHOPS AT SCOTT ROAD	FORT WAYNE	1/24/2001
UNION BANK & TRUST CO.	NORTH VERNON	301 DEMAREE DRIVE	MADISON	2/5/2001
MUTUAL SAVINGS BANK	FRANKLIN	690 SOUTH STREET	FRANKLIN	2/14/2001
FARMERS BANK (THE)	FRANKFORT	2304 NORTH LEBANON STREET SR 39 N	LEBANON	2/17/2001
STAR FINANCIAL BANK	ANDERSON	5760 COVENTRY LANE	FORT WAYNE	3/5/2001
BLOOMFIELD STATE BANK	BLOOMFIELD	9339 PRIORITY WAY W DR SUITE 110	INDIANAPOLIS	3/15/2001
INDIANA TRUST AND INVESTMENT MANAGEMENT COMPANY	MISHAWAKA	317 WEST ADAMS	MUNCIE	3/26/2001
MUTUAL SAVINGS BANK	FRANKLIN	7919 S. 100 E.	NINEVEH	4/16/2001
LAKE CITY BANK	WARSAW	21113 CLEVELAND ROAD	SOUTH BEND	4/30/2001
THE PEOPLES STATE BANK	ELLETTSVILLE	41 SOUTH HAWTHORNE STREET	NASHVILLE	5/21/2001
THE FARMERS STATE BANK	LANESVILLE	2030 HIGHWAY 337 NW	CORYDON	5/29/2001
FIFTH THIRD BANK, INDIANA	INDIANAPOLIS	926 WEST STATE ROAD BLVD	FORT WAYNE	5/29/2001
FIFTH THIRD BANK, INDIANA	INDIANAPOLIS	1230 EAST LINCOLN HIGHWAY	NEW HAVEN	5/29/2001
FIFTH THIRD BANK, INDIANA	INDIANAPOLIS	334 NORTH SECOND STREET	DECATUR	5/29/2001
FIFTH THIRD BANK, INDIANA	INDIANAPOLIS	101 NORTH SECOND STREET	DECATUR	5/29/2001
FIFTH THIRD BANK, INDIANA	INDIANAPOLIS	132 EAST BERRY STREET	FORT WAYNE	5/29/2001
FIFTH THIRD BANK, INDIANA	INDIANAPOLIS	5611 SAINT JOE ROAD	FORT WAYNE	5/29/2001
FIFTH THIRD BANK, INDIANA	INDIANAPOLIS	6128 COVINGTON ROAD	FORT WAYNE	5/29/2001
FIFTH THIRD BANK, INDIANA	INDIANAPOLIS	720 EAST DUPONT ROAD	FORT WAYNE	5/29/2001
FIFTH THIRD BANK, INDIANA	INDIANAPOLIS	6411 EAST STATE ROAD	FORT WAYNE	5/29/2001
FIFTH THIRD BANK, INDIANA	INDIANAPOLIS	1110 EAST TILLMAN ROAD	FORT WAYNE	5/29/2001
GERMAN AMERICAN BANK (THE)	JASPER	ONE RIVERFRONT PLACE 20 NORTHWEST FIRST STREET	EVANSVILLE	6/1/2001
1ST SOURCE BANK	SOUTH BEND	715 SHIP STREET	ST. JOSEPH, MI	7/27/2001
1ST SOURCE BANK	SOUTH BEND	4009 RED ARROW HIGHWAY	ST. JOSEPH, MI	7/27/2001
1ST SOURCE BANK	SOUTH BEND	265 US HIGHWAY 131	THREE RIVERS, MI	8/6/2001
FIRST BANK OF BERNE	BERNE	1350 W. MAIN ST.	BERNE	8/21/2001
SALIN BANK AND TRUST COMPANY	INDIANAPOLIS	110 W. MAIN STREET	FORT WAYNE	8/28/2001
ELKHART COMMUNITY BANK	ELKHART	303 SOUTH THIRD (Mobile)	ELKHART	8/30/2001
GOSHEN COMMUNITY BANK	GOSHEN	511 WEST LINCOLN AVENUE (Mobile)	GOSHEN	8/30/2001
MONROE BANK	BLOOMINGTON	7517 BEECHWOOD CENTER ROAD	AVON	9/17/2001
MONROE BANK	BLOOMINGTON	7517 BEECHWOOD CENTER ROAD (Mobile)	AVON	9/17/2001
LAKE CITY BANK	WARSAW	10411 MAYSVILLE ROAD	FORT WAYNE	9/17/2001
FIRST FARMERS BANK AND TRUST COMPANY	CONVERSE	3900 US 24 EAST	LOGANSPOUT	9/21/2001
FIRST FARMERS BANK AND TRUST COMPANY	CONVERSE	2 NORTH BROADWAY	PERU	9/21/2001
FIRST FARMERS BANK AND TRUST COMPANY	CONVERSE	110 CHIPPEWA STREET	ROANN	9/21/2001
FIRST FARMERS BANK	CONVERSE	1004 N CASS	WABASH	9/21/2001
1ST SOURCE BANK	SOUTH BEND	714 LINCOLNWAY	LA PORTE	9/28/2001
BLOOMFIELD STATE BANK	BLOOMFIELD	628 WEST MAIN STREET	MITCHELL	9/28/2001
MONROE BANK	BLOOMINGTON	2057 HADLEY ROAD	PLAINFIELD	10/22/2001
1ST SOURCE BANK	SOUTH BEND	200 EAST MAIN STREET	FORT WAYNE	11/9/2001
1ST SOURCE BANK	SOUTH BEND	3602 NORTH ANTHONY BOULEVARD	FORT WAYNE	11/9/2001
1ST SOURCE BANK	SOUTH BEND	6506 EAST STAE BOULEVARD	FORT WAYNE	11/9/2001
1ST SOURCE BANK	SOUTH BEND	6304 COVINGTON PLAZA	FORT WAYNE	11/9/2001
1ST SOURCE BANK	SOUTH BEND	907 EAST TILLMAN ROAD	FORT WAYNE	11/9/2001
1ST SOURCE BANK	SOUTH BEND	4036 COLDWATER ROAD	FORT WAYNE	11/9/2001
1ST SOURCE BANK	SOUTH BEND	5719 BLUFFTON ROAD	FORT WAYNE	11/9/2001
1ST SOURCE BANK	SOUTH BEND	10633 COLDWATER ROAD	FORT WAYNE	11/9/2001
1ST SOURCE BANK	SOUTH BEND	505 TOURING AVENUE	AUBURN	11/9/2001
1ST SOURCE BANK	SOUTH BEND	134 LINCOLN HIGHWAY WEST	NEW HAVEN	11/9/2001
1ST SOURCE BANK	SOUTH BEND	124 SOUTH MAIN STREET	BLUFFTON	11/9/2001
1ST SOURCE BANK	SOUTH BEND	1959 NORTH JEFFERSON STREET	HUNTINGTON	11/9/2001
1ST SOURCE BANK	SOUTH BEND	404 WEST PLAZA DRIVE	COLUMBIA CITY	11/9/2001
FARMERS STATE BANK	MENTONE	746 NORTH STATE ROAD 25	ROCHESTER	11/14/2001
FIRST FARMERS STATE BANK	SULLIVAN	102 NORTH ANDERSON STREET	SANBORN	11/19/2001
FIRST FARMETS STATE BANK	SULLIVAN	201 WEST FIRST STREET	MONROE CITY	11/19/2001
FREEDOM BANK	HUNTINGBURG	75 U.S. 231 SOUTH	JASPER	12/3/2001
BANK OF GENEVA	GENEVA	105 W. MAIN STREET	SARATOGA	12/3/2001
STAR INVESTMENT AND TRUST CO.	MARION	8470 ALLISON POINT BOULEVARD	INDIANAPOLIS	12/17/2001
STATE BANK OF MARKLE	MARKLE	2845 GUILFORD STREET	HUNTINGTON	12/17/2001
LAFAYETTE BANK & TRUST CO.	LAFAYETTE	805 EAST COLUMBIA STREET	FLORA	12/31/2001

**SUMMARY OF STATE BANK BRANCH CLOSINGS IN 2001**

NAME	CITY	ADDRESS	CITY	CLOSED
1ST SOURCE BANK	SOUTH BEND	5631 CLEVELAND AVENUE	STEVENSVILLE	2/16/2001
PACESETTER BANK	HARTFORD CITY	121 NORTH HIGH STREET	HARTFORD CITY	6/15/2001
METROBANK	INDIANAPOLIS	14610 US 31 NORTH	WESTFIELD	6/29/2001
CITIZENS FIRST STATE BANK	HARTFORD CITY	BOX 720	HARTFORD CITY	7/28/2001
CSB STATE BANK	CYNTHIANA	107 HART STREET	PRINCETON	8/10/2001
1ST SOURCE BANK	SOUTH BEND	19 W. DAVIS STREET	HAMLET	11/16/2001
FIFTH THIRD BANK, INDIANA	INDIANAPOLIS	3 NORTH BALDWIN	BARGERSVILLE	11/28/2001
FIFTH THIRD BANK, INDIANA	INDIANAPOLIS	10450 E. WASHINGTON STREET	INDIANAPOLIS	11/30/2001
FIFTH THIRD BANK, INDIANA	INDIANAPOLIS	5325 E THOMPSON ROAD	INDIANAPOLIS	11/30/2001
MONROE BANK	BLOOMINGTON	6711 NORTH UNION	FREETOWN	11/30/2001
SALIN BANK AND TRUST COMPANY	INDIANAPOLIS	3420 EAST MARKET STREET	LOGANSPOUR	12/1/2001

**CONVERSIONS**

NAME	CITY	CONVERTED NAME	CITY	CONSUMMATED
REGIONAL FEDERAL SAVINGS BANK Federal Stock Savings Bank to a State Commercial Bank	NEW ALBANY	REGIONAL BANK	NEW ALBANY	1/31/2001
OLD KENT BANK N A National Bank to a State Commercial Bank	JONESVILLE, MI	FIFTH THIRD BANK, INDIANA	INDIANAPOLIS	5/29/2001
AMERIANA SAVINGS BANK, FSB Federal Stock Savings Bank to a State Stock Savings Bank	NEW CASTLE	AMERIANA BANK AND TRUST OF INDIANA	NEW CASTLE	6/29/2001
MICHIGAN CITY SAVINGS AND LOAN ASSOC. State Mutual Savings & Loan to a State Stock Saving & Loan	MICHIGAN CITY	MICHIGAN CITY SAVINGS AND LOAN ASSOCIATION	MICHIGAN CITY	12/27/2001
HOME FEDERAL SAVINGS BANK Federal Stock Savings Bank to a State Commercial Bank	SEYMOUR	HOME FEDERAL SAVINGS BANK	COLUMBUS	12/31/2001

**NEW STATE BANK SUBSIDIARIES IN 2001**

SUBSIDIARY NAME	BANK NAME	CITY	PURPOSE	ESTABLISHED
LIZTON FINANCIAL SERVICES, INC.	STATE BANK OF LIZTON	LIZTON	NONDEPOSIT INVESTMENT PRODUCTS	3/1/2001
IBF	IRWIN UNION BANK AND TRUST COMPANY	COLUMBUS	EQUIPMENT LEASING	4/6/2001
"IHC" IRWIN CAPITAL HOLDING CORPORATION				4/6/2001
1ST SOURCE CORPORATION INVESTMENT ADVISORS, INC.	1ST SOURCE BANK	SOUTH BEND	INVESTMENT ADVISOR ACTIVITIES	5/1/2001
BARNES & THORNBURG PRIVATE TRUST, LLC	TRUST COMPANY OF OXFORD	CARMEL	TRUST ACTIVITY	6/11/2001
IRWIN HOME EQUITY CORPORATION	IRWIN UNION BANK AND TRUST COMPANY	COLUMBUS	HOME EQUITY BUSINESS	7/31/2001
IHE FUNDING CORPORATION IHE FUNDING CORPORATION II			ASSET SECURIZATION ASSET SECURIZATION	7/31/2001 7/31/2001
1ST SOURCE INTERMEDIATE HOLDINGS, LLC	1ST SOURCE BANK	SOUTH BEND	ASSET SECURIZATION	9/21/2001
MARK TULLY LIMITED LIABILITY COMPANY, LLC MARK TULLY INVESTMENTS, INC. MARK TULLY HOLDINGS, INC.	FIRST FARMERS BANK AND TRUST COMPANY	CONVERSE	INVESTMENT PORTFOLIO MANAGEMENT	10/18/2001 10/18/2001 10/18/2001
IRWIN FRANCISHISE CAPITAL CORP. AND TRUST COMPANY	IRWIN UNION BANK	COLUMBUS	LENDING OR LEASING EQUIPMENT	10/26/2001

<u>SUBSIDIARY NAME</u>	<u>BANK NAME</u>	<u>CITY</u>	<u>PURPOSE</u>	<u>ESTABLISHED</u>
GAB INVESTMENTS, LLC GAB INVESTMENT CENTER, INC. GAB INVESTMENT COMPANY, INC.	GERMAN AMERICAN BANK	JASPER	INVESTMENT PORTFOLIO MANAGEMENT	12/4/2001 12/4/2001 12/4/2001
ONSET ALBERTA LTD.	IRWIN UNION BANK AND TRUST COMPANY	COLUMBUS	CANADIAN EQUIPMENT LEASING	12/12/2001

**MAIN OFFICE RELOCATIONS**

<u>NAME</u>	<u>FROM/TO ADDRESS</u>	<u>FROM/TO CITY</u>	<u>MOVED</u>
CIB BANK	11715 FOX ROAD 5435 EMERSON WAY	INDIANAPOLIS INDIANAPOLIS	5/10/2001
COMMUNITY TRUST AND INVESTMENT CO.	15 WEST FRANKLIN STREET 50 NORTH NINTH STREET	GREENCASTLE NOBLESVILLE	9/30/2001
STAR INVESTMENT MANAGEMENT AND TRUST CO.	315 SOUTH ADAMS STREET 127 WEST BERRY STREET	MARION FORT WAYNE	12/17/2001

**BRANCH OFFICE RELOCATIONS**

<u>Name</u>	<u>FROM/TO ADDRESS</u>	<u>FROM/TO CITY</u>	<u>MOVED</u>
COMMUNITY BANK OF SOUTHERN INDIANA	202 E. SPRING STREET 401 E. SPRING STREET	NEW ALBANY NEW ALBANY	5/31/2001
IRWIN UNION BANK & TRUST COMPANY COLUMBUS	105 WEST 2ND STREET 202 EAST TIPTON STREET	SEYMOUR SEYMOUR	6/11/2001
IRWIN UNION BANK & TRUST COMPANY COLUMBUS	50 NORTH HANCOCK STREET 202 EAST TIPTON STREET	SEYMOUR SEYMOUR	6/11/2001
IRWIN UNION BANK & TRUST COMPANY COLUMBUS	880 MUNSON DRIVE, SUITE A 333 GRANDVIEW PARKWAY	TRAVERSE CITY, MI TRAVERSE CITY, MI	8/20/2001
STAR FINANCIAL BANK	5854 N. CLINTON 5920 ST. JOE CENTER ROAD	FORT WAYNE FORT WAYNE	8/27/2001
FIRST BANK MORGANTOWN	160 E. MAIN ST. 201 COMMERCE	NASHVILLE NASHVILLE	11/29/2001

**MERGERS/CONSOLIDATIONS OF STATE BANKS IN 2001**

<b>SURVIVING INSTITUTION INSTITUTION MERGED/CONSOLIDATED</b>	<b>CITY</b>	<b>SURVIVING INSTITUTION NAME</b>	<b>CITY</b>	<b>CONSUMMATED</b>
OLD NATIONAL BANK ORANGE COUNTY BANK	EVANSVILLE PAOLI	OLD NATIONAL BANK	EVANSVILLE	3/8/2001
DUPONT STATE BANK CUB INTERIM BANK	DUPONT DUPONT	DUPONT STATE BANK	DUPONT	4/30/2001
FIFTH THIRD BANK, INDIANA FIFTH THIRD BANK, INDIANA	INDIANAPOLIS ST. JOSEPH, MI	FIFTH THIRD BANK, INDIANA	INDIANAPOLIS	5/29/2001
ENGLISH STATE BANK PEOPLES TRUST BANK COMPANY	ENGLISH CORYDON	COMMUNITY FIRST BANK	CORYDON	8/24/2001
PEOPLES BANK & TRUST COMPANY UNION BANK & TRUST CO. VEVAY DEPOSIT BANK FARMERS STATE BANK (THE)	SUNMAN NORTH VERNON VEVAY LIBERTY	HERITAGE COMMUNITY BANK	COLUMBUS	11/9/2001
FIFTH THIRD BANK, INDIANA FIFTH THIRD BANK, SOUTHWEST, F.S.B	INDIANAPOLIS SCOTTSDALE, AZ	FIFTH THIRD BANK, INDIANA	INDIANAPOLIS	12/28/2001

**HOLDING COMPANY ACQUISITIONS IN 2001**

<b>HOLDING COMPANY NAME</b>	<b>CITY</b>	<b>TARGET NAME</b>	<b>CITY</b>	<b>CONSUMMATED</b>
REPUBLIC BANCORP, INC.	LOUISVILLE, KY	REPUBLIC BANK	CLARKSVILLE	5/1/2001
CITIZENS UNION BANCORP OF SHELBYVILLE, INC.	SHELBYVILLE, KY	DUPONT STATE BANK	DUPONT	5/7/2001
FIRST MERCHANTS CORPORATION	MUNCIE	FRANCOR FINANCIAL, INC.	WABASH	7/1/2001
PIPER HOLDINGS, INC	COVINGTON	HERITAGE BANCSHARES, INC.	DARLINGTON	11/20/2001

**FORMATIONS IN 2001**

<b>INCORPORATOR(S)</b>	<b>PROPOSED NAME</b>	<b>PROPOSED CITY</b>	<b>CONSUMMATED</b>
SUSAN WILLIAMS	CUB INTERIM BANK	DUPONT	1/19/2001
GREGORY SIEGRIST	REPUBLIC BANK & TRUST COMPANY OF INDIANA	CLARKSVILLE	5/1/2001

**ADDITIONS & DELETIONS IN 2001**

<b>NAME</b>	<b>CITY</b>	<b>ACTIVITY</b>	<b>EFFECTIVE DATE</b>
REGIONAL FEDERAL SAVINGS BANK	NEW ALBANY	CONVERSION FROM A FEDERAL STOCK SAVINGS BANK TO A STATE COMMERCIAL BANK	1/31/2001
ORANGE COUNTY BANK	PAOLI	MERGED WITH OLD NATIONAL BANK	3/8/2001
REPUBLIC BANK AND TRUST COMPANY	CLARKSVILLE	FORMATION OF A COMMERCIAL BANK	5/1/2001
OLD KENT BANK, NA	JONESVILLE, MI	CONVERSION FROM NATIONAL BANK TO AN INDIANA STATE COMMERCIAL BANK	5/29/2001
AMERIANA SAVINGS BANK, FSB	NEW CASTLE	CONVERSION FROM A FEDERAL STOCK SAVINGS BANK TO A STATE STOCK SAVINGS BANK	6/29/2001
INDIANA MEMBERS TRUST COMPANY	INDIANAPOLIS	DISSOLUTION	7/26/2001
PEOPLES TRUST BANK COMPANY	CORYDON	MERGED WITH ENGLISH STATE BANK, ENGLISH	8/24/2001
UNION BANK & TRUST CO.	NORTH VERNON	MERGED WITH HERITAGE COMMUNITY BANK, CO-LUMBUS	11/9/2001
VEVAY DEPOSIT BANK	VEVAY	MERGED WITH HERITAGE COMMUNITY BANK, CO-LUMBUS	11/9/2001
FARMERS STATE BANK (THE)	LIBERTY	MERGED WITH HERITAGE COMMUNITY BANK, CO-LUMBUS	11/9/2001
HOME FEDERAL SAVINGS BANK	SEYMOUR	CONVERSION FROM A FEDERAL STOCK SAVINGS BANK TO A STATE COMMERCIAL BANK	12/31/2001

## ACTIVE STATE COMMERCIAL BANKING INSTITUTIONS 12/31/01

<b>DFIID</b>	<b>NAME</b>	<b>CITY</b>
162	MADISON COMMUNITY BANK	ANDERSON
310	STAR FINANCIAL BANK	ANDERSON
263	COMMUNITY STATE BANK - AVILLA	AVILLA
316	FIRST COMMUNITY BANK AND TRUST	BARGERSVILLE
161	BATH STATE BANK	BATH
113	STONE CITY BANK (THE)	BEDFORD
182	FIRST BANK OF BERNE	BERNE
280	BLOOMFIELD STATE BANK	BLOOMFIELD
212	MONROE COUNTY BANK	BLOOMINGTON
8857	UNITED COMMERCE BANK	BLOOMINGTON
229	PEOPLES TRUST & SAVINGS BANK	BOONVILLE
37	FARMERS & MERCHANTS BANK (THE)	BOSWELL
226	FIRST STATE BANK (THE)	BOURBON
306	FIRST STATE BANK - BRAZIL	BRAZIL
171	COMMUNITY STATE BANK - BROOK	BROOK
284	FARMERS STATE BANK (THE) (BROOKSTON)	BROOKSTON
143	PEOPLES TRUST COMPANY - BROOKVILLE	BROOKVILLE
227	HENDRICKS COUNTY BANK & TRUST COMPANY	BROWNSBURG
149	PEOPLES BANK (THE)	BROWNSTOWN
244	STATE BANK OF BURNETTSVILLE	BURNETTSVILLE
39	WAYNE BANK AND TRUST CO.	CAMBRIDGE CITY
9356	REPUBLIC BANK & TRUST COMPANY OF INDIANA	CLARKSVILLE
177	HERITAGE COMMUNITY BANK	COLUMBUS
25	HOME FEDERAL SAVINGS BANK	COLUMBUS
193	IRWIN UNION BANK & TRUST COMPANY	COLUMBUS
209	FIRST FARMERS BANK AND TRUST COMPANY	CONVERSE
204	COMMUNITY FIRST BANK	CORYDON
144	FOUNTAIN TRUST CO (THE)	COVINGTON
168	CSB STATE BANK	CYNTHIANA
255	HERITAGE BANK & TRUST COMPANY	DARLINGTON
297	DECATUR BANK AND TRUST COMPANY	DECATUR
281	DEMOTTE STATE BANK	DEMOTTE
258	DUPONT STATE BANK	DUPONT
223	ELBERFELD STATE BANK (THE)	ELBERFELD
8821	ELKHART COMMUNITY BANK	ELKHART
245	PEOPLES STATE BANK (THE)	ELLETTSVILLE
8	CITIZENS EXCHANGE BANK	FAIRMOUNT
30	FAIRMOUNT STATE BANK (THE)	FAIRMOUNT
8587	TOWER BANK AND TRUST COMPANY	FORT WAYNE
28	FOWLER STATE BANK	FOWLER
9	PEOPLES STATE BANK	FRANCESVILLE
205	FARMERS BANK (THE)	FRANKFORT
7806	HEARTLAND COMMUNITY BANK	FRANKLIN
14	MUTUAL SAVINGS BANK	FRANKLIN
132	SPRINGS VALLEY BANK & TRUST CO	FRENCH LICK
233	FRIENDSHIP STATE BANK (THE)	FRIENDSHIP
172	GARRETT STATE BANK (THE)	GARRETT
146	BANK OF GENEVA	GENEVA
9158	GOSHEN COMMUNITY BANK	GOSHEN
285	GRABILL BANK	GRABILL

**ACTIVE STATE COMMERCIAL INSTITUTIONS 12/31/01**

<b>DFIID</b>	<b>NAME</b>	<b>CITY</b>
277	GREENFIELD BANKING COMPANY	GREENFIELD
671	UNION BANK AND TRUST COMPANY OF INDIANA	GREENSBURG
78	GRIFFITH SAVINGS BANK	GRIFFITH
151	CITIZENS FIRST STATE BANK	HARTFORD CITY
296	PACESETTER BANK	HARTFORD CITY
298	SAND RIDGE BANK	HIGHLAND
8800	FREEDOM BANK	HUNTINGBURG
38	BIPPUS STATE BANK (THE)	HUNTINGTON
7849	CIB BANK	INDIANAPOLIS
8689	FIFTH THIRD BANK INDIANA	INDIANAPOLIS
7650	FIRST INTERNET BANK OF INDIANA	INDIANAPOLIS
309	METRO BANK	INDIANAPOLIS
7990	MIDWEST AG FINANCE, INCORPORATED	INDIANAPOLIS
179	SALIN BANK AND TRUST COMPANY	INDIANAPOLIS
291	GERMAN AMERICAN BANK (THE)	JASPER
826	HERITAGE BANK OF SOUTHERN INDIANA	JEFFERSONVILLE
289	CAMPBELL & FETTER BANK (THE)	KENDALLVILLE
240	KENTLAND BANK	KENTLAND
286	LAFAYETTE BANK & TRUST CO.	LAFAYETTE
9033	LAFAYETTE COMMUNITY BANK	LAFAYETTE
253	FARMERS STATE BANK - LAGRANGE	LAGRANGE
206	FARMERS STATE BANK(THE) - LANESVILLE	LANESVILLE
238	FARMERS & MERCHANTS BANK	LAOTTO
184	LAPORTE SAVINGS BANK (THE)	LAPORTE
186	AMERICAN STATE BANK	LAWRENCEBURG
273	LINDEN STATE BANK	LINDEN
232	PEOPLES TRUST COMPANY	LINTON
31	STATE BANK OF LIZTON	LIZTON
166	GREENSFORK TOWNSHIP STATE BANK (SPARTANBURG)	LYNN
122	MADISON BANK & TRUST COMPANY (THE)	MADISON
288	STATE BANK OF MARKLE	MARKLE
252	STATE BANK OF MEDORA	MEDORA
183	FARMERS STATE BANK	MENTONE
175	FIRST STATE BANK OF MIDDLEBURY	MIDDLEBURY
11	FIRST UNITED BANK	MIDDLETOWN
1169	ST JOSEPH CAPITAL BANK	MISHAWAKA
187	CITIZENS BANK	MOORESVILLE
188	FIRST BANK	MORGANTOWN
649	PEOPLES BANK SB	MUNSTER
194	NAPOLEON STATE BANK (THE)	NAPOLEON
50	COMMUNITY BANK OF SOUTHERN INDIANA	NEW ALBANY
200	INDEPENDENCE BANK	NEW ALBANY
68	REGIONAL BANK	NEW ALBANY
56	AMERIANA BANK AND TRUST, SB	NEW CASTLE
224	CITIZENS STATE BANK-NEW CASTLE	NEW CASTLE
198	FARMERS STATE BANK - NEW ROSS	NEW ROSS
235	NEW WASHINGTON STATE BANK (THE)	NEW WASHINGTON
181	FIRST CITIZENS STATE BANK	NEWPORT

**ACTIVE STATE COMMERCIAL INSTITUTIONS 12/31/01**

<b>DFIID</b>	<b>NAME</b>	<b>CITY</b>
234	COMMUNITY BANK	NOBLESVILLE
231	INDIANA LAWRENCE BANK & TRUST CO	NORTH MANCHESTER
170	NORTH SALEM STATE BANK (THE)	NORTH SALEM
33	OSSIAN STATE BANK	OSSIAN
257	STATE BANK OF OXFORD	OXFORD
201	CITIZENS STATE BANK	PETERSBURG
207	FIRST STATE BANK OF PORTER	PORTER
314	WEST END SAVINGS BANK	RICHMOND
16	TRI-COUNTY BANK & TRUST CO.	ROACHDALE
189	FIRST PARKE STATE BANK	ROCKVILLE
35	COMMUNITY STATE BANK - ROYAL CENTER	ROYAL CENTER
287	CENTRAL BANK	RUSSIAVILLE
153	SPENCER COUNTY BANK	SANTA CLAUS
199	SCOTT COUNTY STATE BANK (THE)	SCOTTSBURG
225	JACKSON COUNTY BANK	SEYMOUR
176	1ST SOURCE BANK	SOUTH BEND
228	OWEN COUNTY STATE BANK	SPENCER
292	FIRST FARMERS STATE BANK	SULLIVAN
278	GRANT COUNTY STATE BANK	SWAYZEE
147	FARMERS STATE BANK (THE)	SWEETSER
648	FIRST STATE BANK, SOUTHWEST INDIANA	TELL CITY
317	MORRIS PLAN COMPANY OF TERRE HAUTE (THE)	TERRE HAUTE
293	TERRE HAUTE SAVINGS BANK	TERRE HAUTE
270	CENTREBANK	VEEDERSBURG
294	FRANCES SLOCUM BANK & TRUST	WABASH
222	LAKE CITY BANK	WARSAW
236	MERCHANTS BANK & TRUST CO (THE)	WEST HARRISON
220	AMERICAN TRUST AND SAVINGS BANK	WHITING
215	CENTIER BANK	WHITING
276	RANDOLPH COUNTY BANK (THE)	WINCHESTER
282	BANK OF WOLCOTT	WOLCOTT

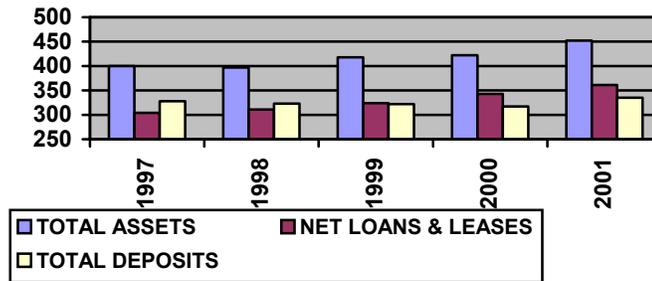
## DIVISION OF SAVINGS ASSOCIATIONS

As of December 31, 2001, there were six active savings and loan associations operating under Indiana state charter. The number of active savings and loan associations remained the same as year-end 1999 and 2000. One savings association converted from a state mutual savings association to a state stock savings association during the 2001 calendar year. All active institutions submit a semi-annual statement of condition and a report of earnings to the Department.

Total assets held by state-chartered associations increased by \$29 million over the last year to a total level of \$452 million as of December 31, 2001. Total assets of savings associations under supervision since 1997 have ranged from \$400 million as of December 31, 1997, with a low of \$397 million as of year-end 1998 to its present high level of \$452 million. The associations over the past five years held total net loans and leases in the amount of \$304 million, \$311 million, \$324 million, \$343 million and \$361 million respectively. As of December 31, 2001, \$361 million total net loans and leases comprised 80% of total assets.

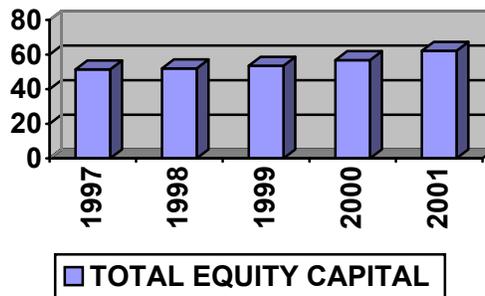
Total deposits of savings associations have ranged from \$328 million as of December 31, 1997, with a low of \$317 million as of year-end 2000, to its present five-year high level of \$335 million. Total deposits increased by \$18 million over the last year.

**SAVINGS ASSOCIATIONS ASSETS, LOANS  
AND DEPOSITS  
(IN MILLIONS)**

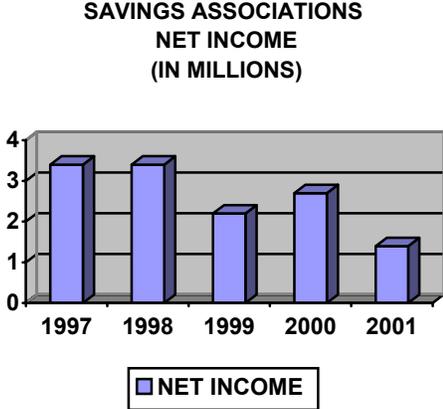


Total equity capital for the savings associations has remained stable during the past five years. Total equity capital increased by approximately \$5.4 million during 2001, from \$56.8 million to \$62.2 million or a 8.8% increase. Total equity capital represented 13.78% of total assets as of December 31, 2001.

**SAVINGS ASSOCIATIONS TOTAL  
EQUITY CAPITAL  
(IN MILLIONS)**



Total net income during the last five years for the savings associations have fluctuated from \$3.4 million in 1997 and 1998, \$2.2 million in 1999, \$2.7 million in 2000 and \$1.4 million in 2001. Net income represented 0.85%, 0.86%, 0.53%, 0.64% and 0.31% of total assets respectively during the same period.



**STATE CHARTERED SAVINGS AND LOAN ASSOCIATIONS  
COMPARATIVE STATEMENT OF CONDITION (CONSOLIDATED)**

**Schedule A**  
*(\$ in Thousands)*

<b>ASSETS</b>	<b>December 31, 2001</b>	<b>December 31, 2000</b>
Cash and Due From Depository Institutions	34,939	22,031
Securities	40,120	42,735
Federal Funds Sold and Repurchase Agreements	0	0
Gross Loans and Leases	362,734	344,022
Loan Loss Allowance	1,765	1,415
Net Loans and Leases	360,969	342,607
Trading Accounts	0	0
Premises and Equipment	5,754	5,922
Other Real Estate Owned	850	544
Goodwill and Other Intangibles	1	104
All other Assets	8,957	8,258
<b>Total Assets</b>	<b>451,590</b>	<b>422,201</b>
<b>LIABILITIES:</b>		
Deposits	335,180	316,643
Federal Funds Purchased & Repurchase Agreements	0	0
Demand Notes Issued to U.S. Treasury	0	0
Trading Liabilities	0	0
Other Borrowed Funds	50,520	45,218
Subordinated Debt	0	0
Other Liabilities	3,652	3,576
<b>Total Liabilities</b>	<b>389,352</b>	<b>365,437</b>
<b>EQUITY CAPITAL</b>		
Perpetual Preferred Stock	0	0
Common Stock: Par Value	0	0
Paid in Excess of Par	0	0
Total Common Stock	0	0
Surplus	4,051	0
Undivided Profits	58,187	56,764
<b>Total Equity Capital</b>	<b>62,238</b>	<b>56,764</b>
<b>Total Liabilities &amp; Equity Cap</b>	<b>451,590</b>	<b>422,201</b>

**STATE CHARTERED SAVINGS AND LOAN ASSOCIATIONS  
CONSOLIDATED STATEMENT OF OPERATIONS**

**Schedule B**  
*(\$ in Thousands)*

	December 31, 2001	December 31, 2000
Interest Income	30,526	30,086
Interest Expense	17,196	17,776
Net Interest Inc Before Allow for Loan & Lease Losses	13,330	12,310
Provision for Credit Losses	2,388	342
Net Interest Inc After Provision	10,942	11,968
Noninterest Income	2,233	1,674
Noninterest Expense	10,415	9,308
Inc Bef Gn(Ls) on Sale of Assts	2,760	4,334
Gain on Sale of Assets	120	88
Loss on Sale of Assets	445	4
Operating Inc Before Taxes & Extra Items	2,435	4,418
Total Income Taxes	1,033	1,717
Income(Loss) Before Extraord Items	1,402	2,701
Extraordinary Items, Net of Tax	0	0
Net Income(Loss)	1,402	2,701

**LIST OF STATE CHARTERED SAVINGS AND LOAN ASSOCIATIONS**

**Schedule C**  
*(\$ in Thousands)*

City	Institution Name	Total Assets 2001	Total Assets 2000
Boonville	Warrick Loan & Savings Association	1,011	1,033
Connersville	Union Savings & Loan Association	95,537	98,148
Martinsville	Home Bank SB	178,406	168,246
Michigan City	Michigan City Savings & Loan Association	79,111	62,022
Monticello	Peoples Savings & Loan Association-Monticello	43,885	42,700
Scottsburg	Scottsburg Building & Loan Association	53,640	50,052
	<b>Total Assets for State Chartered Associations:</b>	451,590	422,201

# DIVISION OF CREDIT UNIONS

A credit union is a cooperative, non-profit association incorporated under the laws of the state for the purpose of educating its members in the concept of thrift and encouraging thrift among its members. Credit unions are composed of and owned by groups of people with some type of common bond (i.e. persons having a common bond of occupation, trade or professional association, members of a labor organization, members of a church, or persons engaged in a common trade or profession within a well defined geographical location) that serves to define the group.

As of December 31, 2001 there were 56 active state chartered credit unions. The combined total assets of these 56 credit unions as of December 31, 2001 were \$4,550M an increase of \$475M over December 31, 2000. This translates to a 11.6% increase in the total assets of all state-chartered credit unions in Indiana. Member deposits in Indiana credit unions increased from \$3,507M as of December 31, 2000 to \$3,880M as of December 31, 2001, representing a growth in deposits of 10.6%. Member loans made by Indiana credit un-

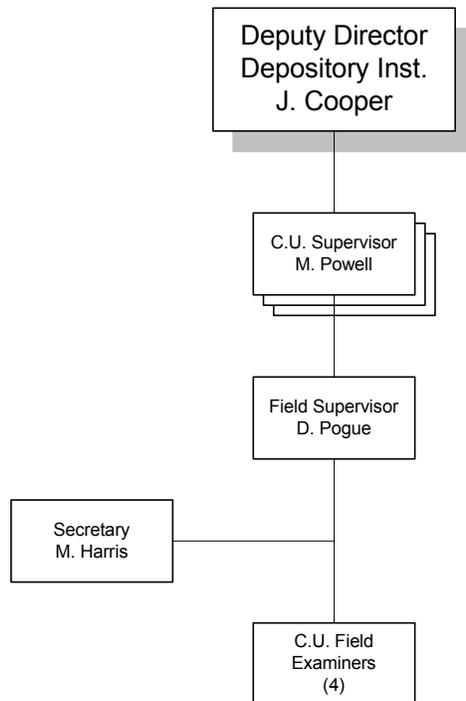
ions increased from \$2,791M as of December 31, 2000 to \$3,047M as of December 31, 2001. This represents an increase of 9.1% in loans to members. The following credit union has been merged into another credit union since the last annual report:

Nickel Plate Industrial Credit Union, Frankfort

The following credit unions have voluntarily liquidated since the last annual report:

Indianapolis Hebrew Credit Union, Indianapolis

Richardson Employees Credit Union, Indianapolis



**CREDIT UNION ANNUAL REPORT 12/31/01**  
**BALANCE SHEET**  
**Schedule A**

<b>ACCOUNT DESCRIPTIONS</b> (In Millions of \$)	12/31/01	12/31/00
<b>ASSETS</b>		
Loans	3047	2791
Allowance for Loan Loss	(24)	(22)
Cash & Cash Equivalents	379	317
U.S. Government Obligations	434	441
Banks, Savings & Loan & Mutual Savings Banks	260	203
Other Investments	289	198
Other Assets	<u>165</u>	<u>147</u>
<b>TOTAL ASSETS</b>	<b><u>4,550</u></b>	<b><u>4,075</u></b>
<b>LIABILITIES</b>		
Shares	3,880	3,507
Total Borrowings	140	83
Dividends	1	2
Accounts Payable & Other Liabilities	<u>27</u>	<u>21</u>
<b>TOTAL LIABILITIES</b>	<b><u>4,048</u></b>	<b><u>3,613</u></b>
<b>EQUITY</b>		
Regular Reserve	199	174
Other Reserves	11	12
Accumulated Unrealized Gain/Loss	2	
Undivided Earnings	<u>290</u>	<u>276</u>
<b>TOTAL EQUITY</b>	<b><u>502</u></b>	<b><u>462</u></b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>4,550</u></b>	<b><u>4,075</u></b>

**STATEMENT OF CONDITION: STATISTICAL HIGHLIGHTS—(In Millions of \$)**

	12/31/01	12/31/00	Increase/Decrease
<b>ASSETS</b>	4,550	4,075	475
<b>SHARES</b>	3,880	3,507	373
<b>LOANS</b>	3,023	2,769	254
<b>INVESTMENTS</b>	983	842	141

**INDIANA STATE-CHARTERED CREDIT UNIONS YEAR ENDED 12/31/01**  
**INCOME STATEMENT**  
**Schedule B (In Millions of \$)**

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**INCOME:**

Interest on loans	238
Less Interest Refunds	
Income from Investments	<u>61</u>
Other Income	<u>49</u>
<b>TOTAL INCOME</b>	<b><u>348</u></b>

**EXPENSES:**

Employee Compensation & Benefits	73
Travel & Conference	2
Office Occupancy	10
Office Operations	30
Educational & Promotional	8
Loan Servicing	6
Professional & Outside	15
Provision for Loan Losses	15
Members Insurance	-
Operating Fees	-
Interest on Borrowed Money	5
Other Expenses	<u>4</u>
<b>TOTAL EXPENSES</b>	<b><u>168</u></b>

<b>NET INCOME</b>	<b><u>180</u></b>
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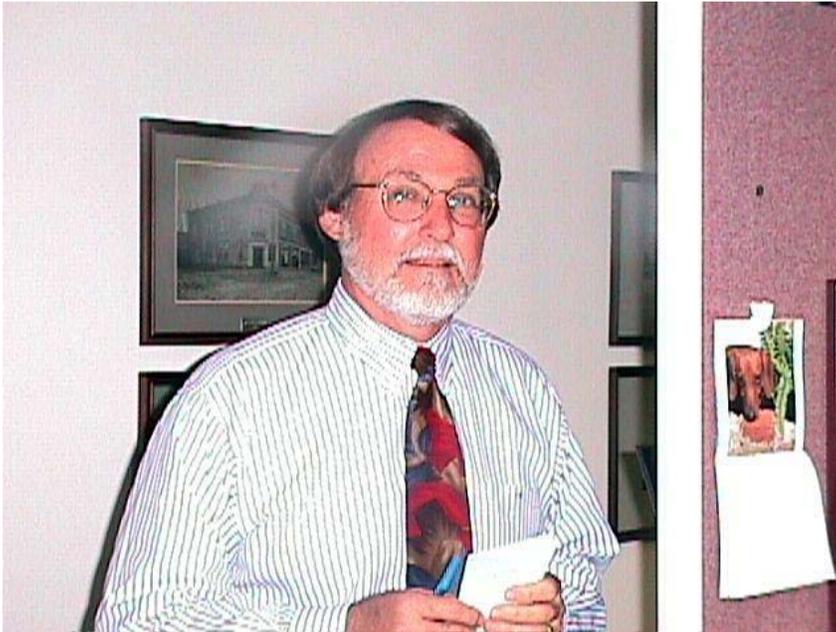
**DISTRIBUTION OF NET INCOME**

Transfer to Regular Reserve	26
Transferred to Undivided Earnings or Other Reserves	<u>14</u>
<b>TOTAL DISTRIBUTIONS</b>	<b><u>40</u></b>

<b>DIVIDENDS TO MEMBERS</b>	<b><u>140</u></b>
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<b>LOCATION</b>	<b>NAME OF ASSOCIATION</b>	<b>TOTAL ASSETS</b>
Anderson	Anderson Post Office Credit Union	\$2,036,468
Auburn	Dekalb Financial Credit Union	68,205,660
Bedford	Hoosier Hills Credit Union	147,368,078
Bluffton	Franklin Electric Employees Credit Union	1,792,734
Brazil	Clay County Farm Bureau Co-Op Credit Union	4,152,111
Chrisney	Spencer County Cooperative Credit Union	2,613,997
Columbus	Centra Credit Union	400,975,541
Crown Point	Tech Credit Union	186,872,243
East Chicago	East Chicago Firemen's Credit Union	1,211,739
Fishers	Forum Credit Union	528,158,382
Fort Wayne	General Credit Union	66,793,226
Fort Wayne	Indiana Postal & Federal Employees Credit Union	20,259,916
Fort Wayne	Public Service Employees Credit Union	26,443,546
Fort Wayne	Tokheim Employees Credit Union	3,320,539
Franklin	Arvin G & F Employees Credit Union	3,672,817
Goshen	Elkhart County Farm Bureau Credit Union	293,747,446
Goshen	Penn Credit Union	16,013,224
Hagerstown	Perfect Circle Credit Union	44,231,968
Hammond	Hammond Firefighters Association Credit Union	1,185,196
Huntington	Huntington County Farm Bureau Credit Union	16,905,218
Indianapolis	Capital Plus Credit Union	22,699,555
Indianapolis	Citizens Gas Utility Credit Union	13,283,589
Indianapolis	Double Eleven Credit Union	57,808,158
Indianapolis	Dow Employees Credit Union	33,696,657
Indianapolis	Family Horizons Credit Union	72,347,741
Indianapolis	Greater Indianapolis Firefighters CU	42,318,962
Indianapolis	Hoosier Farm Bureau Credit Union	5,832,103
Indianapolis	Indiana Members Credit Union	645,677,595
Indianapolis	Indianapolis Police Department Credit Union	28,997,836
Indianapolis	Indianapolis Post Office Credit Union	45,581,048
Indianapolis	Indianapolis Railroad Employees Credit Union	4,655,118
Indianapolis	IPALCO Credit Union	18,698,291
Indianapolis	Jet Credit Union	41,595,553
Indianapolis	KEMBA (Indianapolis) Credit Union	49,955,932
Indianapolis	State Merit Service Credit Union	5,424,300

<b>LOCATION</b>	<b>NAME OF ASSOCIATION</b>	<b>TOTAL ASSETS</b>
Kokomo	Kokomo Post Office Credit Union	\$1,520,421
La Porte	Municipal Employees Credit Union	930,145
Lawrenceburg	Seagram Employees Credit Union	13,460,490
Logansport	Cass County Farm Bureau Co-Op Credit Union	3,324,335
Logansport	G. T. C. (Logansport) Credit Union	91,286
Loogootee	Martin County Farm Bureau Credit Union	4,221,858
Merrillville	Federal Employees Credit Union	4,931,564
Michigan City	Members Advantage Credit Union	43,784,101
Mishawaka	Taper Lock Credit Union	29,588,550
Monroe	Adams County Farm Bureau Co-Op Credit Union	8,238,400
Muncie	Muncie Post Office Credit Union	1,247,880
New Albany	New Albany Schools Credit Union	9,882,649
Richmond	NATCO Credit Union	32,611,997
Richmond	Richmond State Hospital Emp. Credit Union	1,947,266
Seymour	Jackson County Co-Op Credit Union	9,802,552
South Bend	South Bend Post Office Credit Union	12,691,258
South Bend	Teachers Credit Union	1,023,731,703
Sullivan	Sullivan County Farm Bureau Credit Union	4,596,073
Terre Haute	Terre Haute Post Office Credit Union	1,182,489
Wabash	Wabash County Farm Bureau Credit Union	410,177,419
Warsaw	United Credit Union	7,915,364
Net Assets – Includes Allowance for Loan Losses		\$4,550,410,287



Chuck Stumpf  
Deputy Director—Administration



Robert Benbow  
Supervisor-Consumer Credit Division

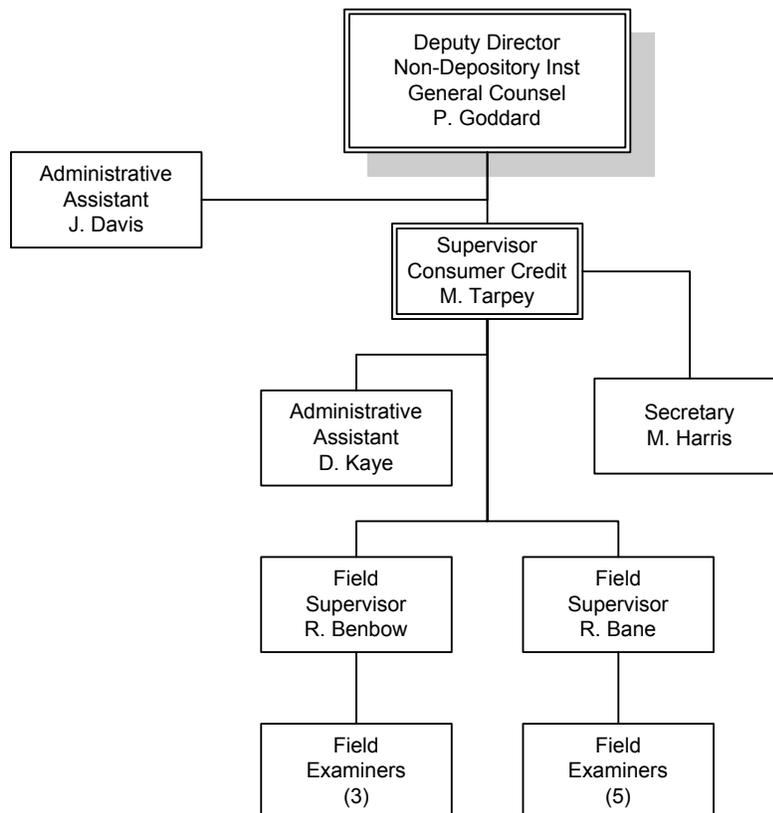
# DIVISION OF NON-DEPOSITORY INSTITUTIONS

The Non-Depository Institutions Division administers the Indiana Uniform Consumer Credit Code (IC 24-4.5), Rent to Purchase Act (IC 24-7), Budget Service Company Act (IC 28-1-29), Indiana Pawnbroking Act (IC 28-7-5), Indiana Money Transmitter Act (IC 28-8-4), and the Check Cashing Act (IC 28-8-5). The Division acts on complaints and inquiries from consumers on these statutes.

Examinations of licensees and creditors are performed for compliance with the statutes they operate under.

When violations are discovered, the cause is determined and assurance is obtained from the licensee or creditor that future transactions will be in compliance. What is prevented is held more significant than what is remedied.

The Department continually reviews methods, policies, and philosophy in order to improve achievement of its goals to represent and serve the credit consumer and non-depository financial industry.



# CONSUMER CREDIT

## INDIANA UNIFORM CONSUMER CREDIT CODE

The Indiana Uniform Consumer Credit Code (IC 24-4.5) regulates consumer credit sales, consumer leases, consumer related sales, consumer loans, and consumer related loans.

### The Indiana Uniform Consumer Credit Code was designed to:

- simplify, clarify, and modernize consumer credit laws;
- provide rate ceilings sufficient to assure an adequate supply of credit to consumers;
- further consumer understanding of the terms of credit transactions;
- foster competition among the various suppliers of consumer credit so that consumers may obtain credit at a reasonable cost;
- protect consumers from unfair practices arising from consumer credit transactions having due regard for the interests of legitimate and scrupulous creditors;
- permit and encourage the development of fair and economically sound consumer credit practices; and
- conform the regulation of consumer credit transactions to the policies of the Federal Consumer Credit Protection Act.

The Code regulates all persons or entities regularly extending credit to individuals for a personal, family, or household purpose in which either the amount financed does not exceed \$50,000 or the debt is secured by an interest in land or by personal property used or expected to be used as the principal dwelling of the debtor. The debt is payable in more than four installments or a finance charge is imposed.

The Act also regulates all persons or entities regularly making leases of goods to individuals for a personal, family, or household purposes in which the total amount payable under the lease does not exceed \$50,000 and the original lease term exceeds four months.

The Act does not regulate agriculture, business, or commercial transactions.

### The Indiana Uniform Consumer Credit Code Establishes:

- Purposes and Rules of Construction
- Territorial Application
- General Definitions
- Maximum and Minimum Charges
- Delinquency and Deferral Charges

- Additional Charges
- Prepayment Penalties
- Rebate of Finance Charges upon Prepayment
- Limitations on Agreements and Practices
- Lender Licensing Requirements
- Consumer Credit Insurance
- Credit Related Property and Liability Insurance
- Limitations on Creditor's Remedies
- Debtors' Remedies

This Division has under its administrative and regulatory jurisdiction 3,868 licensed lenders, and credit sellers with 2,956 branches in Indiana.

The Division also has the responsibility to educate Indiana consumers in matters of credit as prescribed by the Indiana Uniform Consumer Credit Code. Consumer credit educational study units and mini-lessons have been developed and are available on the Internet at our Web Site, <http://www.dfi.state.in.us>, under "Consumer Credit." Study units are also available in Word and PowerPoint. There are also numerous credit topics on the Internet. Brochures on most of the topics can be printed in Adobe on the Internet.

All of the Division's licensing and registration forms are now also available on the Internet.

In 1935 Indiana became the first state in the nation to provide for regular examinations of certain holders of consumer credit sales. The Uniform Consumer Credit Code in 1971 made Indiana the only state authorized to regularly examine all consumer credit transactions from their inception.

The Division assists the Depository Division in examinations of the 197 state-chartered banks, credit unions, and savings institutions and their 582 branches for compliance with lending statutes.

There were **967** examinations made in 2001 covering all of the statutes administered by the division. A total of **46,672** refundable violations were cited and refunds made to consumers totaling **\$2,114,449.65** There were **504** non-refundable violations cited.

## BUDGET SERVICE COMPANIES ACT

Budget service companies are licensed to provide services and assistance to individuals who seek counsel on the management of their debts. These companies make arrangements with creditors of a debtor to handle the disbursement of the debtor's money so that all creditors may be paid in the most expeditious manner. For these services, the companies are allowed to contract with the

debtor to receive a fee regulated by the Budget Service Companies Act (IC 28-1-29).

There are five licensed budget service companies in Indiana with six locations. Each is subject to an annual examination by Division examiners to ascertain compliance with the statute.

### **PAWNBROKERS**

One of the oldest types of lending institutions is the pawnbroker. They were the first type of lenders and made small loans to individuals in small amounts based on a pledge of personal property.

Pawnbrokers' peak business time appears to be during recessions. They are a resource for persons who need small amounts of money for short periods of time.

All licensed pawnbrokers are examined periodically to ascertain their compliance with the Indiana Pawnbroking Law (IC 28-7-5). There were 82 licensed pawnbrokers as of December 31, 2001 with 62 branches in Indiana.

### **MONEY TRANSMITTER ACT**

The Money Transmitters Act (IC 28-8-4) became effective January 1, 1994, and regulates institutions that sell checks or other instruments of payment to the public. There are 28 money transmitter licensees with 7,911 agents operating under the provisions of the act.

Though the Division is not mandated by statute to examine licensees, it does have the authority to do so when deemed appropriate.

### **RENTAL PURCHASE AGREEMENT**

The Rental Purchase Agreement Act (IC 24-7-1) regulates transactions of businesses who rent merchandise to Indiana consumers with the right to purchase the merchandise if the consumers so desire. The Act offers broad protection for the consumer as well as requiring all entities engaging in the business to conform and use set standards.

Entities desiring to transact such business must be registered with the Department and are examined to ascertain their compliance with the statute.

There were 70 registrants with 325 branches who regularly engaged in "Rent to Own" transactions as of December 31, 2001.

### **CHECK CASHING ACT**

The Check Cashing Act (IC 28-8-5) became effective January 1, 1994. The statute requires check cashing

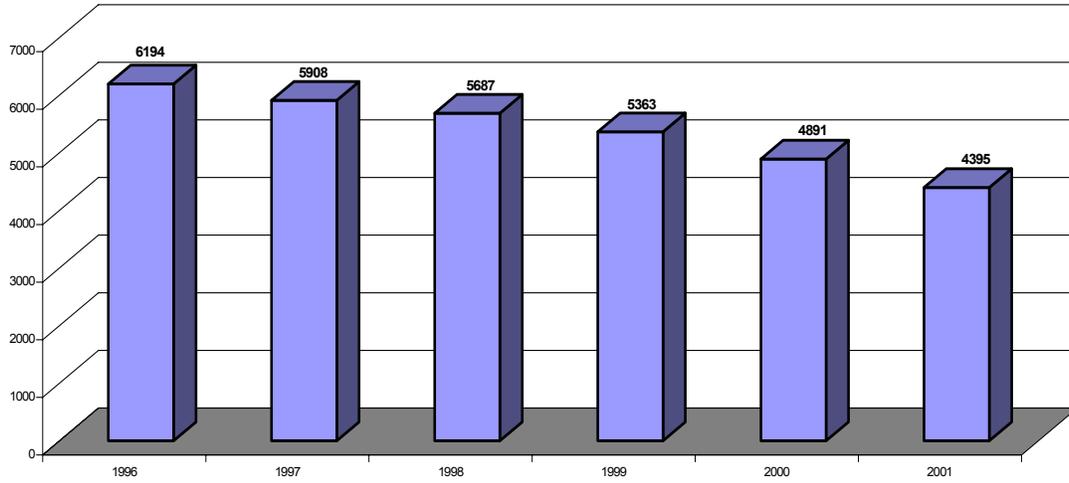
businesses to obtain a license from the Department and regulates check cashing requirements, fee limitations, and record keeping. Retail businesses cashing checks incidental to the retail sale of goods or services are exempt from the act as long as the cost to the consumer does not exceed the greater of 1% of the face amount of the check or \$1.00.

There were 62 licensed check cashers with 194 branches in Indiana as of December 31, 2001.

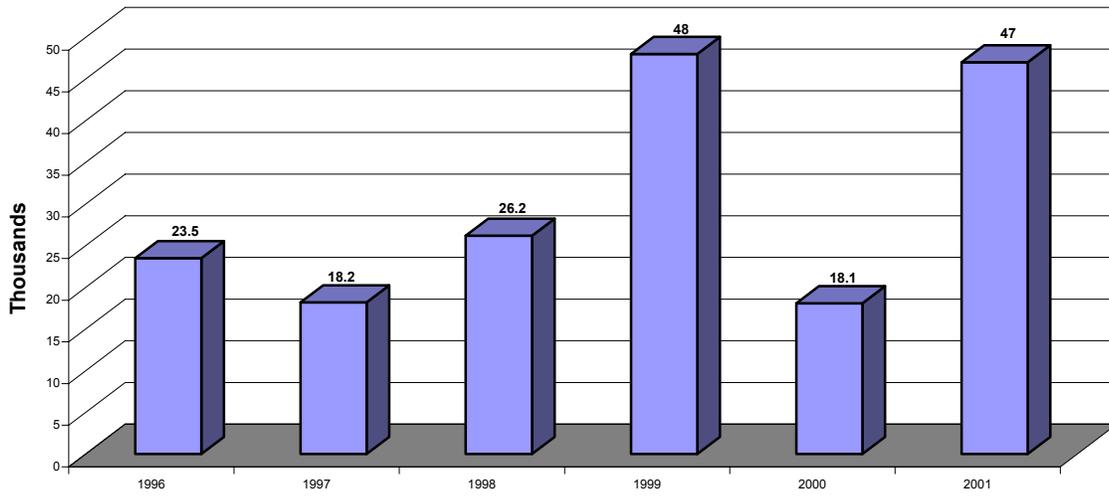
The Department may examine the books, accounts, and records of a licensee and may make investigations to determine compliance with the act.



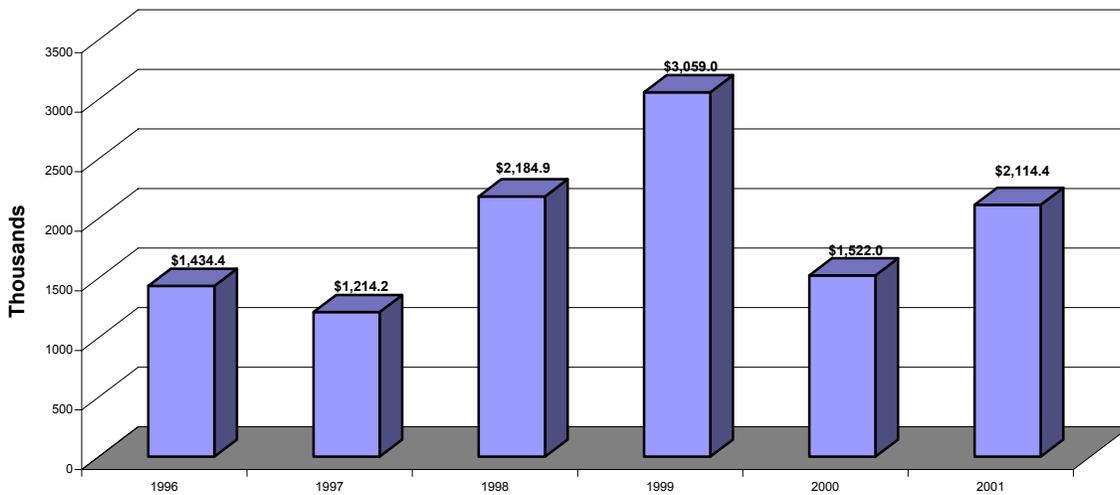
**IUCCC FILERS / LICENSEES**



**COMPLIANCE EXAM VIOLATIONS**



**COMPLIANCE REFUNDS**



## NEW NON-DEPOSITORY DIVISION LICENSES ISSUED IN 2001

### LICENSED LENDERS

NO.	NAME	CITY	DATE
7996	Transouth Financial Corp	Bedford	1/19/01
7997	First United Mortgagebanc Inc	Clearwater	1/19/01
7998	Home Mortgage Funding Inc/Home	Chicago	1/19/01
7999	Poplar Financial Services LLC	Marlton	1/19/01
7576	Transouth Financial Corp.	Bedford	1/19/01
7996	American Money Company	Charlotte	3/13/01
7997	Interbay Funding LLC	Miami	3/13/01
7998	IMPAC Home Loans/IMPAC Funding	Newport Beach	3/13/01
7999	Nations Standard Mortgage	Tarrytown	3/13/01
8000	American Fidelity Inc	Baton Rouge	3/13/01
8001	D & M Financial Corporation	Belleville	5/10/01
8002	Mortgage Amenities Corp	Lincoln	5/10/01
8003	Home Equity of America Inc	Merrillville	5/10/01
8004	Just Seconds Inc	Mission Viejo	7/3/01
8005	Crossroads Mortgage Inc	Memphis	7/3/01
8006	Unimortgage LLC	Jacksonville	7/3/01
7576	Oakmont Mortgage Company	Woodland Hills	8/27/01
8250	Mortgage Services USA Inc	Dania Beach	8/27/01
8251	Catholic Home Loan/Affinity	Dallas	8/27/01
8257	CMF Mortgage Co	Rockford	8/27/01
8258	Bankers Express Mortgage Inc.	Calabasas	8/27/01
8259	United Check Cashing/Clarity Inc.	Indianapolis	8/27/01
8260	Americredit Financial Services Inc	Arlington	8/27/01
8261	Nexstar Financial Corporation	Creve Coeur	8/27/01
7576	Oakmont Mortgage Company Inc	Woodland Hills	8/27/01
8408	Creve Coeur Mortgage Associates	Creve Coeur	10/10/01
8257	Transland Financial Services Inc.	Maitland	10/19/01
8258	Credit Suisse First Boston	Princeton	10/19/01
8259	Access Mortgage & Financial Corp	Grand Rapids	10/19/01
8355	S L M Financial Corporation	Marlton	10/19/01
8356	H & H Financial Group LLC	Evansville	10/19/01
8408	Community First Financial Services	Bloomington	10/19/01
8409	Calusa Investments	Chantilly	11/20/01
8626	Southstar Funding LLC	Atlanta	11/29/01
8649	Evergreen Financial LLC	Chicago	12/11/01

### PAWNBROKERS

8168	Speedy Pawn Inc	Kokomo	3/13/01
8187	Premier Auto Pawn Inc	Fort Wayne	3/13/01
8188	Worldwide Pawn / D-Flawless Inc	South Bend	3/13/01
8189	Bobs Trading Post / Howard	Kokomo	3/13/01
8190	Angola Cash & Loan / Moneysource	Angola	5/10/01
8191	Dash for Cash Trading Co/Deborah	Greensburg	8/27/01

### MONEY TRANSMITTERS

8202	Order Express Inc	Chicago	3/13/01
8203	Intercambio Express Inc	Goshen	3/13/01
8234	Buehler Foods Inc	Jasper	5/10/01
8235	Girosol Corp	North Miami	5/10/01
8267	Quickdiner Inc	Chicago	8/27/01

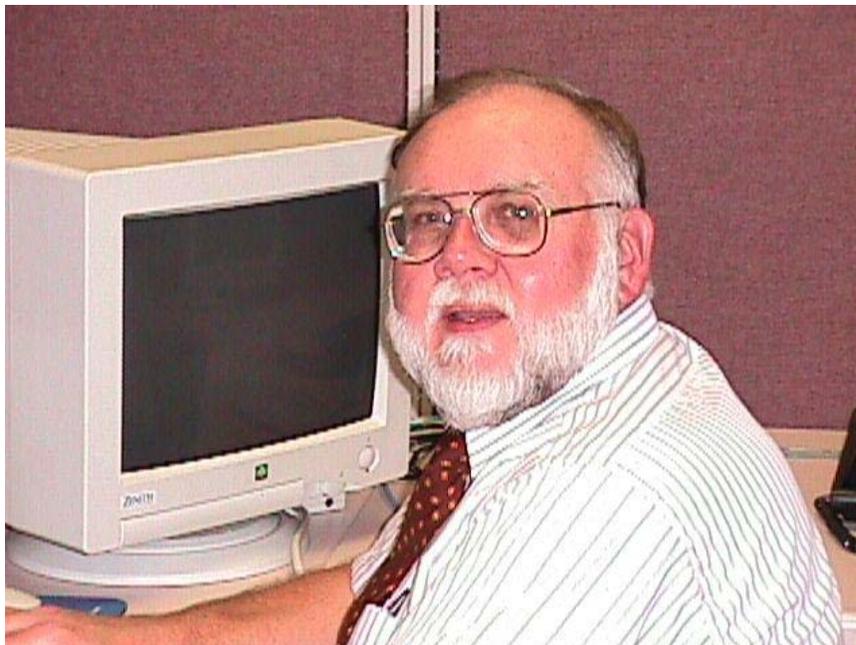
### CHECK CASHERS

8174	Cash Tyme (LIC #1729) / CMM of Indiana	New Albany	1/19/01
8188	Angola Cash & Loan / Moneysource	Angola	5/10/01
8189	Cash Quick Payday Loans (LL 1663)	Indianapolis	5/10/01
8190	Innoventry Corp	San Francisco	7/3/01
8191	Intercall / Jose & Nidia Osorio	Indianapolis	7/3/01
8192	Cash N Go / K W G Investments Inc	Carmel	827/01
8577	Allstar Rentals Inc	Pinellas Park	10/19/01

## LICENSEES AND REGISTRANTS

As of December 31, 2001

<b>TYPE</b>	<b>NUMBER REGISTERED</b>	<b>NUMBER BRANCH LOCATIONS</b>
LOAN LICENSES	350	926
General Finance	56	359
Payday Lenders	86	374
Second Mortgage Lenders	208	193
PAWNBROKERS	82	62
CHECK CASHERS	62	194
MONEY TRANSMITTERS	28	0
BUDGET SERVICE COMPANIES	5	6
RENTAL PURCHASE	70	325
REGISTRANTS	3,798	3,187
<b>TOTALS</b>	<b>4,395</b>	<b>4,700</b>



LeRoy Janz  
Consumer Credit Division

## ***DIVISION OF ADMINISTRATION***

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The Department of Financial Institutions is a self-funded (dedicated-funds) agency that is entirely supported by fees paid by the institutions that are regulated and supervised by the Department. Each year, the Department adopts a schedule of fees to cover operating costs, as stipulated in I.C. 28-11-3-5.

The two largest expenditure items are personnel costs and travel reimbursement. These two items account for approximately 92% of the Department budget. The salaries are established through the legislative and budget process with concurrence of the State Personnel Department. Even though the agency is self-funded, the Department adheres to the same procedures as tax-supported agencies. State travel reimbursement limits are also set by the legislature through the budget process.

The Department attempts to maintain a full staff of well-qualified examiners. Recruiting is conducted at Indiana University, Bloomington; Indiana University-Purdue University, Indianapolis; Butler University, Indianapolis; Purdue University, West Lafayette; Ball State University, Muncie; Indiana State University, Terre Haute; and through a consortium of smaller, private institutions. Additional recruiting is conducted through the Indiana Black Expo in Indianapolis, the Indiana Multicultural Job Fair, as well as other college fairs and special events. In addition, the agency has had limited success in attracting employment candidates with prior financial industry experience.

Examiner attrition in 2001 was 4.1%. This compares favorably with 6.1% in 2000, 17% in 1999, and 24% in 1998. In 1999, the agency adopted a new compensation plan that provided an increased base salary, together with the availability of skill-based pay for the attainment of various certification levels. Agency management believes the compensation plan solidifies the examiner position as a viable career option.

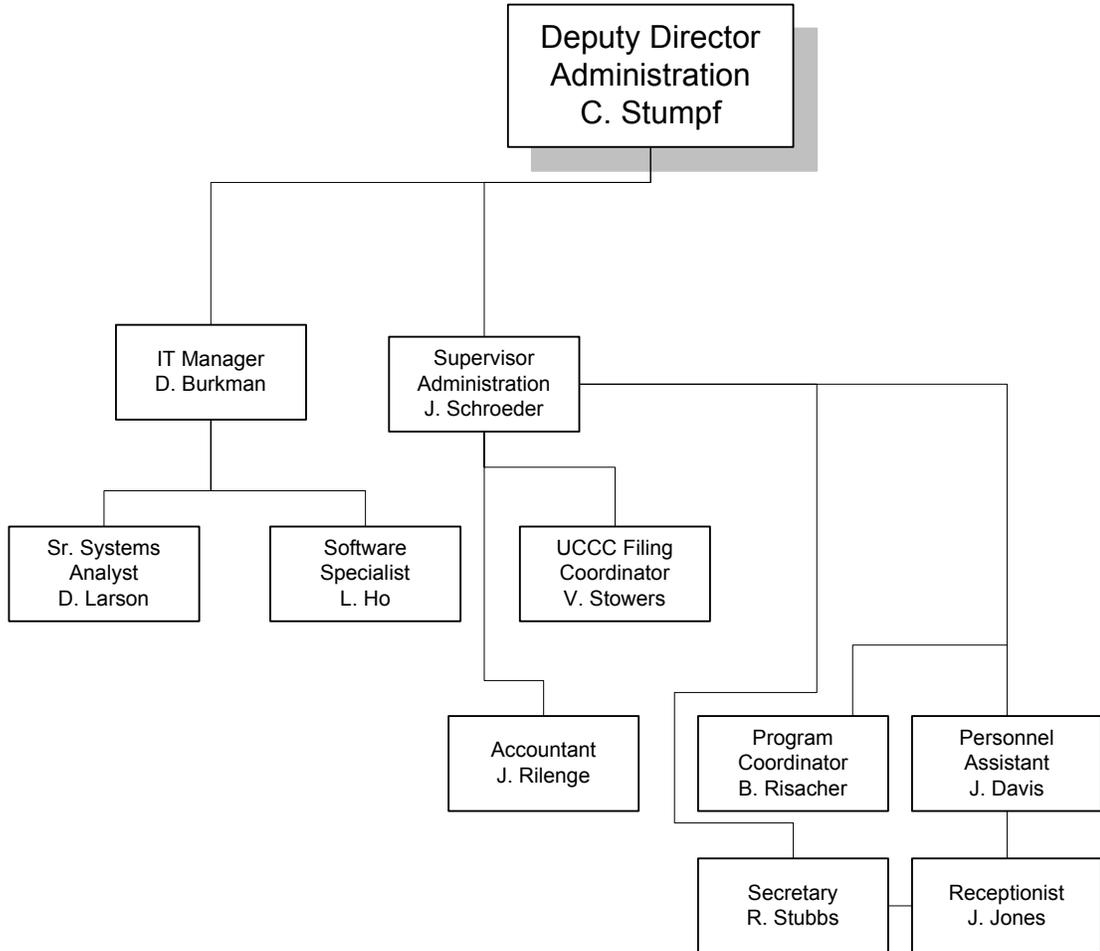
In an ongoing effort to increase efficiency, the Department has continued its significant commitment to information technology initiatives. The agency is taking increased advantage of both Internet and Intranet capabilities as a means of compiling, managing, and sharing data. This has been particularly fruitful with respect to the Department's information sharing with its federal counterpart agencies. In addition, the agency has endeavored to refine its internal information management systems with the purchase of a data scanning system. Also, through the Conference of State Bank Supervisors, the Department continues to participate with federal regulators in the use and refinement of automated examination software that provides for a more efficient, less intrusive, examination process. The Department continues to maintain effective inter-agency communications and information sharing through its Wide Area Network. Finally, the Department continues to work to improve its own home page on the Internet. The WEB site address is <http://www.dfi.state.in.us>, and is used to distribute this annual report along with application forms, Department structure and contact information, links to federal regulators, consumer finance educational materials, and other helpful information.

Training plays an important role in this agency, and the Department understands the importance of effective and timely training. We utilize an aggressive professional development program designed to promote a seasoned, informed staff and to ensure complete and accurate examination reports. Good training is necessary for the staff to make proper evaluations and sound analysis of examination information in determining the solvency and compliance of each financial institution. The Department utilizes a myriad of continuing professional education programs.

Located elsewhere in this report is the Report of Revenue and Expenditures of the Department of Financial Institutions. An examination of those figures will provide a review of the Department's overall fiscal operation.

# DIVISION OF ADMINISTRATION

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# TRAINING

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The continued development and maintenance of a qualified examination staff are major priorities of the Department. An effective training program is required to address this objective. To ensure value, the Department's training needs, policies, and procedures are annually assessed.

During 2001, the Department hired three new examiners. These examiners embarked on a set curriculum technical examination training. In addition, all Department staff members participated in professional enrichment opportunities. Both externally and internally sponsored programs were employed.

External training programs conducted by the following sponsors were utilized: the Education Foundation of State Bank Supervisors; the Federal Deposit Insurance Corporation; the Board of Governors of the Federal Reserve System; the Federal Financial Institutions Examination Council; the National Association of Consumer Credit Administrators; the Institute for Supervisory Education; the National Credit Union Administration, and the National Association of State Credit Union Supervisors. These programs supplement internal training. These external programs provide excellent individual technical instruction, and this information is then shared with other examiners and office staff.

Adequate financial analysis in a changing and more complex environment creates the need for specialized programs, such as E-banking, Capital Markets, and Information Systems & Technology Conferences. As these needs develop, the Department works with other regulatory agencies to identify and coordinate the necessary training.

In 2001, the Department continued its traditional use of the graduate banking and trust schools. During the year

the agency learned that a third DFI examiner had been selected as the recipient of the EFSBS graduate school scholarship. He will enter the trust program sponsored by the Cannon Financial Institute in 2002. This is the third time in six years that an agency employee has been selected from among the 50 states to receive this scholarship. In the meantime, two employees will be attending the Graduate School of Banking at Colorado, and one continues studies at the American Bankers Association National Graduate Trust School.

Additionally, multiple agency employees took advantage of the Department's tuition reimbursement program in 2001. The benefit is intended to encourage employees to continue their formal educations through evening and weekend programs. Courses of study included both graduate and undergraduate programs.

While the use of structured internal and external training opportunities is essential, the primary method of examiner professional development remains on-the-job training. Newer examiners are assigned mentors to ensure consistent and effective exposure to examination processes and techniques.

The agency's support staff continued its practice of participating in semi-annual professional development seminars. Software training continued with shifts in application programs. Also, an outside consultant provided written communication training.

Training is the foundation of a qualified staff. The Department is committed to developing and maintaining a knowledgeable and efficient examination force and support staff. Agency management is convinced that this high level of competence is necessary to promote a safe and sound financial institutions industry in the State of Indiana.

# LEGISLATIVE CHANGES

## IC 24-4.5 INDIANA UNIFORM CONSUMER CREDIT CODE

### IC 24-4.5-1-102(4) Purposes; rules of construction (HEA 1705/SEA 345)

Change date reference to federal law. This change is required each year.

### IC 24-4.5-2-209 Right to prepay (HEA 1705/SEA 345)

Remove wording "but excluding the loan origination fee allowed under IC 24-4.5-3-201." Wording was for loan section 3-209 only and should not have been in 2-209.

### IC 24-4.5-3-209 Right to prepay (SEA 261)

Removed wording in Subsection (1) regarding the prepayment penalty of two percent (2%) of, "the net unpaid balance" and added "any amount prepaid within sixty (60) days of the date of the prepayment in full," This change was by industry to prevent large partial prepayments made before prepayment in full to reduce the prepayment penalty. If a partial prepayment was made within 60 days, it would have to be included in the "net unpaid balance" in computing the prepayment penalty. Added to Subsection (2) that for the purposes of determining compliance with the subsection, the total finance charge does not include the loan origination fee allowed under IC 24-4.5-3-201; the borrower paid mortgage broker fee, if any, paid to a person who does not control, is not controlled by, or is not under common control with, the creditor holding the loan at the time a consumer loan is prepaid.

### IC 24-4.5-3-505 & IC 24-4.5-6-202(2) (HEA 1705/SEA 345)

Add specific requirement for licensees to notify the department when there is a name change, address change, new branches, and change in principals.

## IC 24-7-1 RENTAL PURCHASE AGREEMENTS

### IC 24-7-1-5 Article does not apply; motor vehicles. (HEA 1705/SEA 345)

This will clarify that a rental purchase agreement can not involve a motor vehicle. Presently we believe the law says this but some have attempted to circumvent the law by an abnormal interpretation of the statute.

## IC 28-1-29 BUDGET SERVICE COMPANY ACT (HEA 1705/SEA 345)

### IC 28-1-29-3 License; fees

Allows director to request evidence of compliance for a budget service company license, including a report of

criminal activity of the applicant from the state in which the applicant resides. Some states require that the provision for a criminal history be in the requesting state's law before they will issue a criminal history. This addition will enable the department to secure criminal histories from those states.

Adds a sentence clarifying that budget service company licenses are not assignable or transferable.

### IC 28-1-29-8 Licensees; requirements and restrictions; business operations

Additional disclosure for the rate of charge the licensee will impose, the initial set up fee, the cancellation fee, the total amount of fee to be assessed by the licensee, including the initial set up fee but excluding the cancellation fee, the amount of debts claimed by the contract debtor to be due the contract debtor's creditors, and the total amount of debt to be repaid under the contract. These added disclosures will clarify provisions of the budget service company contract and result in a more meaningful explanation to the debtor of the terms of the contract.

## IC 28-7-5 PAWNBROKING ACT

### IC 28-7-5-3 Necessity of license (SEA 318)

Adds that no person without an Indiana pawnbroking license can use in an advertisement a word or statement that states or represents that the person or entity is a pawnbroker.

### IC 28-7-5-4 Application for license (HEA 1705/SEA 345)

Allows director to request evidence of compliance for a pawn license, including a report of criminal activity of the applicant from the state in which the applicant resides. Some states require that the provision for a criminal history be in the requesting state's law before they will issue a criminal history. This addition will enable the department to secure criminal histories from those states.

### IC 28-7-5-16(b) Books, accounts and records (SEA 318)

Adds under Subsection (b)(4) for Bills of Sale that the description of articles sold is adequate on multiple articles of similar nature that do not contain an identification or serial number that are delivered together in one transaction if it contains the quantity of the articles delivered and a physical description of the type of articles delivered, including any other unique identifying marks, numbers, names, letters, or special features.

New Subsection (b)(8) for Bills of Sale to include the type of government issued identification used to verify the identity of the seller, together with the name of the

the identification number present on the government issued identification.

**IC 28-7-5-19(a)** Loan record book, required entries (SEA 318)

Adds under Subsection (a)(4) for articles pledged that the description is adequate on multiple articles of similar nature that do not contain an identification or serial number that are delivered together in one transaction if it contains the quantity of the articles delivered and a physical description of the type of articles delivered, including any other unique identifying marks, numbers, names, letters, or special features.

New Subsection (a)(10) for pawn loan records to include the type of government issued identification used to verify the identity of the seller, together with the name of the governmental agency that issued the identification and the identification number present on the government issued identification.

**IC 28-7-5-21(a)** Pawn ticket (SEA 318)

Adds under Subsection (a)(3) for articles pledged that the description is adequate on multiple articles of similar nature that do not contain an identification or serial number that are delivered together in one transaction if it contains the quantity of the articles delivered and a physical description of the type of articles delivered, including any other unique identifying marks, numbers, names, letters, or special features.

New Subsection (a)(12) for pawn tickets to include the type of government issued identification used to verify the identity of the seller, together with the name of the governmental agency that issued the identification and the identification number present on the government issued identification.

New Subsection (a)(13) for pawn tickets to include the date on which the pledged article or articles may be sold if the loan is not redeemed, renewed, or extended and the language must be in 14 boldface type.

**IC 28-7-5-28.5** Additional Fee (HEA 1705/SEA 345) (SEA 318)

Amendment to Subsection (a) limits the fee of one-fifth (1/5) of the principal amount of the loan per month on any fractional part of a month after the second month of the loan transaction to one-thirtieth (1/30) of the monthly fee for each day the loan is outstanding.

Added new Subsection (b) if the loan is renewed or extended, the monthly fee authorized by subsection (a) accrues at a rate of one-thirtieth (1/30) of the monthly fee each day beginning sixty (60) days after the original date of the loan and continuing through and including the day a pledger redeems the pledge.

**IC 28-7-5-30** Unredeemed pledges (SEA 318)  
Changes section to allow the pledged article to become the property of the pawnbroker and is subject to sale after the expiration of sixty (60) days from the maturity of the loan.

**IC 28-7-5-39** Confidential Records (SEA 318)  
New section added that records and information generated by licensees in the course of their business are confidential under IC 5-14-3-4. A law enforcement officer may obtain or receive records and information relating to the pawnbroking transaction for use in the official law enforcement purpose of investigating crime. Law enforcement officers may disclose the name and address of the pawnbroker to an adverse claimant in the case of a dispute over ownership of property in possession of the pawnbroker.

**IC 28-8-4 MONEY TRANSMITTER ACT**

**IC 28-8-4-20** License requirement (HEA 1705/SEA 345)

Allows director to request evidence of compliance for a money transmitter license, including a report of criminal activity of the applicant from the state in which the applicant resides. Some states require that the provision for a criminal history be in the requesting state's law before they will issue a criminal history. This addition will enable the department to secure criminal histories from those states.

**IC 28-8-5 CHECK CASHING ACT**

**IC 28-8-5-12** Investigations; granting or refusal of licenses (HEA 1705/SEA 345)

Allows director to request evidence of compliance for a check cashing license, including a report of criminal activity of the applicant from the state in which the applicant resides. Some states require that the provision for a criminal history be in the requesting state's law before they will issue a criminal history. This addition will enable the department to secure criminal histories from those states.

**IC 28 FINANCIAL INSTITUTIONS**

**IC 28-1-1 DEFINITIONS AND APPLICATION OF ARTICLE**

**IC 28-1-1-6** "Depository financial institution" defined (HEA 1113)

Defines "depository financial institution" for purposes of IC 28-1-23-1-16 as:

- (1) a commercial bank, organized or reorganized under the law of another state or United States law;
- (2) a trust company, organized or reorganized under the law of another state or United States law;
- (3) a credit union, organized or reorganized under the law of another state or United States law;
- (4) a savings bank, organized or reorganized under the

- law of another state or United States law;
- (1) a savings association, organized or reorganized under Indiana law, the law of another state, or United States law;
  - (2) a bank of discount and deposit, organized or reorganized under the law of another state or United States law;
  - (3) an industrial loan and investment company, organized or reorganized under Indiana law, the law of another state, or United States law; or
  - (4) a financial institution similar to those listed in subdivisions (1) through (7), organized or reorganized under Indiana law, the law of another state, or United States law.

### **IC 28-1-2 POWERS AND DUTIES OF THE DEPARTMENT**

**IC 28-1-2-23** Proposed change of control of bank or trust company; application for approval; standards (HEA 1705/SEA 345)  
Removes misplaced letter “a” in statute.

### **IC 28-1-11 POWERS OF BANKS AND TRUST COMPANIES**

**IC 28-1-11-2** Fiscal or transfer agent; transportation agent; insurance agent or broker; attorney in fact (HEA 1705/SEA 345)  
Adds provision to allow bank to solicit and write insurance as agent or broker for any insurance company authorized to do business in Indiana or any other state where the agent or broker operates.

### **IC 28-1-20 GENERAL PROVISIONS CONCERNING BANKS AND TRUST COMPANIES**

**IC 28-1-20-4** Name; use of words “bank” or “trust” or “savings bank”; examination of persons using such words; penalty for violations (HEA 1705/SEA 345)

Removes “trust” from list of words that may only be used by licensed financial institutions.

**IC 28-1-20-5** Depositors; no age restrictions; acceptance and withdrawal of deposits (HEA 1113)

Added use of the Internet or other electronic means to the definition of electronic by which withdrawal of a deposit may be made. Made clear that this section may not be construed as having any impact upon the rights, liabilities, or responsibilities of participants in an electronic fund transfer under the federal Electronic Fund Transfer Act (15 U.S.C. 1693 et. seq.).

### **IC 28-1-21.10 CONVERSION OF AN OUT OF STATE FINANCIAL INSTITUTION CHARTER INTO A COMMERCIAL BANK (HEA 1705/SEA 345)**

Details necessary safety and soundness provisions that must be followed in order to convert an out of state financial institution into a state-chartered commercial bank. “Out-of-state financial institution” is defined as a bank or savings bank organized under the laws of any other state or the United States that has a branch or branches in Indiana that were established under IC 28-2-17 or IC 28-2-18.

### **IC 28-1-22 FOREIGN CORPORATIONS**

**IC 28-1-22-4** Application for admission; fees and supporting documents (HEA 1705/SEA 345)  
Removes requirement that copy of articles of incorporation be authenticated by the state or country in which the foreign corporation is incorporated.

**IC 28-1-22-7** Application for admission; presentation to secretary of state; certificate of admission, issuance, contents (HEA 1705/SEA 345)  
Removes requirement that copy of articles of incorporation be authenticated by the state or country in which the foreign corporation is incorporated.

**IC 28-1-22-18** Application for amended certificate of admission; presentation to secretary of state; issuance (HEA 1705/SEA 345)  
Removes requirement that amended certificate set forth the character of business that the corporation is authorized to transact in this state.

### **IC 28-1-23 ADDITIONAL PROVISIONS PERTAINING TO FINANCIAL INSTITUTIONS**

**IC 28-1-23-16** Withdrawal of deposits (HEA 1113)

Adds new section 16 stating that all persons, regardless of age, may become depositors in a depository financial institution and they shall be subject to the same duties and liabilities respecting their deposits.

### **IC 28-5-3 MINORS**

**IC 28-5-3-2** Loans; misrepresenting age; estoppel by representation (HEA 1705/SEA 345)

Changes the word “representating” to “representing”.

### **IC 28-6.1-6 SAVINGS BANKS**

**IC 28-6.1-6-14** Soliciting and writing insurance; prohibitions

Allows savings bank to act as agent or broker for any insurance company licensed in the various states. Savings banks may also act as agent for the sale of any life insurance policy or annuity contract issued by a life insurance company authorized to do business in any state. Clarifies that savings bank acting as an agent for the sale of life insurance or annuity is subject to all requirements of Title 27 with respect to their activities in Indiana.

## **IC 28-7-1 CREDIT UNIONS**

### **IC 28-7-1-9 Powers (HEA 1113, HEA 1705/SEA 345)**

Adds that state credit unions have the same rights and privileges granted to federal credit unions even if not authorized under the Indiana Code or any rule adopted under the Indiana Code.

Allows credit union to become the owner or lessor of personal property acquired upon the request and for the use of a member and to incur additional obligations arising from acquiring such property, subject to any restrictions imposed by the department.

#### **IC 28-7-1-9.2 Rights and privileges (HEA 1705/SEA 345)**

Makes technical correction to cited section.

#### **IC 28-7-1-9.2 Rights and privileges (HEA 1113, HEA 1705/SEA 345)**

New section establishing provisions for state credit unions to request approval from the members to exercise rights and privileges granted to federal credit unions but not provided for under Indiana law. Credit unions wishing to exercise these rights and privileges must submit a letter to the department describing in detail the requested rights and privileges granted to federal credit unions that the credit union intends to exercise, along with any available copies of relevant federal law, regulations, and interpretive letters attached. Unless otherwise notified by the department, the credit union may exercise the requested rights and privileges sixty days after the date on which the department receives the letter. The department must promptly notify the requesting credit union of its receipt of the submitted letter.

#### **IC 28-7-1-37 Withdrawal of deposits (HEA 1113)**

Adds new section 37 stating that all persons, regardless of age, may become depositors in a depository financial institution and they shall be subject to the same duties and liabilities respecting their deposits.

## **IC 28-10-1 GENERAL PROVISIONS AND DEFINITIONS**

### **IC 28-10-1-1 References to federal laws or regulations (HEA 1705/SEA 345)**

Change date reference to federal law. This change is required each year.

## **IC 28-13-10 MEETINGS AND ACTION OF BOARD OF DIRECTORS**

### **IC 28-13-10-10 Commission of crime (HEA 1705/SEA 345)**

Requires corporation that is a corporate fiduciary or not insured by the FDIC notify the department of the commission of a crime no later than the first business day after the day the crime or apparent crime was discovered. Written notification must also be delivered to the department not later than thirty days after. Written notification must include the details of the crime and actions taken by the corporation regarding the crime.

## **IC 28-13-14 AMENDMENT OF ARTICLES OF INCORPORATION**

### **IC 28-13-14-6 Notice of meeting (HEA 1705/SEA 345)**

Corrects code citation.

### **IC 28-13-14-8 Voting by class or a series of shares (HEA 1705/SEA 345)**

Allows for reverse stock splits.

### **IC 28-13-14-8.5 Purchase price of stock (HEA 1705/SEA 345)**

New section lays out guidelines and procedures to apply when requesting that the director approve an amendment to articles of incorporation resulting in a reverse stock split.

### **IC 28-13-14-14 Restatement of articles; authority; adoption of amendment of articles; notice to shareholders; articles of restatement (HEA 1705/SEA 345)**

Corrects code citation.

**IC 28-13-17 FINANCIAL SUBSIDIARY ACTIVITIES OF FINANCIAL INSTITUTIONS (HEA 1705/SEA 345)**

New chapter allows financial institutions to engage in expanded financial activities through subsidiaries as those authorized for national banks under the federal Gramm-Leach-Bliley Act.

**IC 28-14-7 REQUIREMENTS AND PROHIBITIONS APPLYING TO CORPORATE FIDUCIARIES**

**IC 28-14-7-4** Duty to report shortages and irregularities (HEA 1705/SEA 345)

Corrects code citation.

**IC 28-15-5 SAVINGS ASSOCIATIONS**

**IC 28-15-5-3** Withdrawal of deposit accounts (HEA 1113)

Adds new section 3 stating that all persons, regardless of age, may become depositors in a depository financial institution and they shall be subject to the same duties and liabilities respecting their deposits.

# ***NOTES***

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